

Message Text

PAGE 01 STATE 038338
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INFO OCT-01 ARA-06 EA-07 NEA-10 ISO-00 SS-15 SIG-01 PCH-06
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EB-08 COME-00 OMB-01 TRSE-00 FEA-01 CU-02 CEA-01
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DRAFTED BY S/P:TTHORNTON:ORS

APPROVED BY M:RMOOSE

S/P - NVELIOTES

S/S - MR. GAMBLE

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TO ALL DIPLOMATIC POSTS

AMEMBASSY BEIRUT

AMEMBASSY PARAMARIBO BY POUCH

AMEMBASSY SUVA BY POUCH

AMEMBASSY PORT MORESBY BY POUCH

XMT AMEMBASSY PARAMARIBO

AMEMBASSY SUVA

AMEMBASSY PORT MORESBY

C O N F I D E N T I A L STATE 038338

E.O. 11652: GDS

TAGS: AMGT,PFOR,XX

SUBJECT: S/P FY 1979 BROAD TRENDS FORECAST

FOLLOWING IS THE POLICY PLANNING STAFF'S FY 1979 BROAD

TRENDS FORECAST. IT IS INTENDED FOR YOUR GENERAL GUIDANCE

AND FOR USE IN PREPARING YOUR MISSION'S POLICY AND RESOURCE

ASSESSMENT (INSTRUCTIONS SEPTTEL).

CONFIDENTIAL

PAGE 02 STATE 038338

-- FY 1979 BROAD TRENDS

1. WE ARE NOW IN THE THIRD ITERATION OF POLICY ENVIRON-
MENT FORECASTING FOR THE BUDGET CYCLE. THE FIRST STEP WAS
TAKEN LAST MARCH IN FORECASTING FOR FY 1978, AND A RE-
VISION OF THIS FORECAST WAS MADE IN SEPTEMBER. THE CURRENT
EFFORT IS SUPPOSED TO FORECAST BROAD TRENDS FOR THE FISCAL
YEAR 1979, AND DIFFERS FROM THE PREVIOUS FORECASTS IN THREE
REGARDS:

-- SINCE THE LAST FORECAST IN SEPTEMBER, THERE HAVE BEEN
SOME CHANGES IN THE INTERNATIONAL ENVIRONMENT THAT ALTER
OUR VIEW OF THE FUTURE.

-- THE ADVENT OF THE CARTER ADMINISTRATION HAS INTRODUCED SOME NEW PRIORITIES AND EMPHASIS INTO OUR FOREIGN POLICY, NOTABLY IN THE FIELDS OF HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER AND NONPROLIFERATION. -

-- THIS CURRENT FORECAST IS CONCERNED WITH THE PERIOD ONE YEAR LATER THAN THE PREVIOUS, FY 1978, FORECASTS.

2. AS IN PREVIOUS FORECASTS, WE CONCENTRATE ALMOST EXCLUSIVELY ON BROAD TRENDS SINCE MORE DETAILED DISCUSSIONS FALL BETTER INTO THE PROVINCE OF THE BUREAUS AND EMBASSIES. ALSO, AS IN PREVIOUS EFFORTS, OUR FORECAST TENDS TO BE A STRAIGHT-LINE PROJECTION WITH FAIRLY LITTLE CHANGE OVER THE PRESENT. WE CONTINUE TO RECOGNIZE THE PITFALLS, BUT BELIEVE THAT SPECULATIVE PREDICTIONS HAVE EVEN GREATER INHERENT DANGERS. WE ALSO ASSUME FOR THE PURPOSE OF THIS FORECAST THAT THERE WILL BE NO MAJOR CHANGES IN OVERALL DIRECTION OF US POLICY IN THE NEXT SEVERAL YEARS ALTHOUGH THERE WILL BE CHANGES IN EMPHASIS AS THE POLICIES OF THE NEW ADMINISTRATION DEVELOP.

3. TWO OF THE MOST IMPORTANT VARIABLES WILL BE CHINESE AND SOVIET POLICIES IN THE POST-MAO AND (ALMOST CERTAINLY) POST-BREZHNEV PERIODS.

-- A FUNDAMENTAL ORIENTATION OF SINO-SOVIET RELATIONS IS CONFIDENTIAL

PAGE 03 STATE 038338

CONCEIVABLE BUT HARDLY LIKELY BY 1979; THE CHANCES OF LIMITED RAPPROCHEMENTS ARE SOMEWHAT BETTER. THE LATTER WILL NOT RESULT IN A MAJOR REALIGNMENT OF THE US-SOVIET-CHINESE TRIANGULAR RELATIONSHIP, BUT THE RELATIONSHIP MAY WELL BE PASSING THROUGH A CRITICAL PERIOD. EVEN MINOR SHIFTS WOULD REQUIRE CLOSE WATCHING SINCE THEIR CUMULATIVE EFFECT MIGHT BE CONSIDERABLE, AND IF INCORRECTLY INTERPRETED COULD LEAD TO SERIOUS MISAPPREHENSIONS AND FAULTY RESPONSES ON OUR PART.

-- SIGNIFICANT SETBACKS ARE ALSO POSSIBLE IN BILATERAL US-SOVIET RELATIONS. UNLESS EXTREME, HOWEVER, THEY WOULD PROBABLY NOT HAVE A QUALITATIVE IMPACT ON THE INTERNATIONAL POWER STRUCTURE:

-- A RENEWAL OF THE SUCCESSION STRUGGLE IN CHINA COULD YIELD HEIGHTENED DISPLAYS OF PRC IMPATIENCE WITH THE PACE OF NORMALIZATION, BUT WE DOUBT THAT THE PRESENT LEADERSHIP, AT LEAST, WILL ALTER THE STRATEGIC BASIS OF OUR RELATIONSHIP.

4. A MAJOR ECONOMIC CRISIS IN THE INDUSTRIAL DEMOCRACIES COULD ALSO HAVE MAJOR IMPACT ON OUR POLICY CONCERNS. THE CURRENT "PAUSE" IN ECONOMIC RECOVERY (PARTICULARLY IN WESTERN EUROPE) RAISES SERIOUS SHORT AND LONGER-TERM

QUESTIONS ABOUT PROSPECTS FOR SUSTAINED ECONOMIC GROWTH ON THE CONTINENT AND THE POLITICAL IMPLICATIONS OF SUCH ECONOMIC TROUBLES. SHOULD ECONOMIC RECOVERY RESUME AND PERHAPS ACCELERATE, THIS WOULD EASE SOME OF OUR CONCERNS; IT WOULD ALSO, HOWEVER, EXPAND WORLD ENERGY REQUIREMENTS, OFFERING OPEC A SUPPLY/DEMAND SITUATION FAVORABLE FOR ADDITIONAL OIL PRICE INCREASES AND THE RESULTANT POLITICAL PROBLEMS.

5. WE FORESEE NO MAJOR CHANGES IN OUR INTERNATIONAL SECURITY REQUIREMENTS IN THE COMING FEW YEARS, ALTHOUGH
CONFIDENTIAL

PAGE 04 STATE 038338

SOME READJUSTMENTS IN OUR OVERSEAS FORCE POSTURE MAY BE POSSIBLE OR NECESSARY. FOR EXAMPLE, CHANGES IN THE US SECURITY RELATIONSHIP TO TAIWAN MAY BE AN ELEMENT IN A US-PRC NORMALIZATION PACKAGE. THIS, HOWEVER, IS A COMPLEX ISSUE. WE CANNOT FORESEE AT THIS POINT EITHER THE TIMING OR THE MODALITIES OF SUCH ADJUSTMENTS. FURTHER TROOP WITHDRAWALS FROM KOREA WILL BE GIVEN SERIOUS CONSIDERATION BY THE US, ALTHOUGH THE TIMING AND NATURE OF SUCH WITHDRAWALS WILL, TO SOME DEGREE, DEPEND UPON A NUMBER OF FACTORS, INCLUDING OUR CONCERN TO REASSURE THE JAPANESE. ALSO IN THE SECURITY AREA, EVEN A STRAIGHT-LINE PROJECTION OF RECENT SOVIET CONVENTIONAL FORCE BUILDUPS COULD FORCE READJUSTMENTS IN OUR OVERALL MILITARY POSTURE INCLUDING OVERSEAS DEPLOYMENTS.

6. WE WILL BE TAKING AN ACTIVE ROLE TO PROMOTE HUMAN RIGHTS IN BOTH BILATERAL AND MULTILATERAL CHANNELS. THE US WILL ALSO ATTEMPT TO RESTRAIN THE TRANSFER OF CONVENTIONAL ARMS TO LDC'S, WORKING COOPERATIVELY WITH OUR ALLIES AND OTHERS. THERE WILL ALSO BE A GREATER EMPHASIS ON ACHIEVING NONPROLIFERATION OBJECTIVES.

A. OUR RELATIONSHIPS WITH THE INDUSTRIAL DOMOCRACIES OF WESTERN EUROPE AND JAPAN WILL REMAIN THE BEDROCK OF OUR FOREIGN POLICY. ESTABLISHED SECURITY AND POLITICAL CONCERNS WILL CONTINUE TO BE CENTRAL AND REQUIRE CLOSE ATTENTION; ECONOMIC COLLABORATION WITH THESE NATIONS WILL BE A FUNDAMENTAL TASK OF OUR DIPLOMACY. OUR LINKAGES WITH THEIR ECONOMIES WILL REMAIN VITAL.

7. WE WILL FACE MAJOR DIFFICULTIES, HOWEVER, IN BRIDGING THE GAP BETWEEN THE HIGH ECONOMIC PERFORMERS (PROBABLY OURSELVES, GERMANY AND JAPAN) AND THE OTHER INDUSTRIAL DEMOCRACIES, SOME OF WHICH MAY BE FACING LONG TERM STRUCTURAL ECONOMIC DIFFICULTIES. THERE MAY BE RESULTANT PROBLEMS OF DOMESTIC STABILITY, ABILITY TO SHARE DEFENSE
CONFIDENTIAL

PAGE 05 STATE 038338

BURDENS, AND ABILITY TO FORM COMMON PERSPECTIVES ON GLOBAL ISSUES. RENEWED MASSIVE JAPANESE TRADE SURPLUSES MAY ALSO CAUSE DIFFICULTIES WITH US AND WESTERN EUROPE, AND BRING THE TRILATERAL CONCEPT UNDER PRESSURE. THESE DEVELOPMENTS WILL TAX OUR CAPACITY FOR MULTILATERAL DIPLOMACY--IN THE OECD, AT ECONOMIC SUMMITS AND HIGH LEVEL BILATERAL MEETINGS IN WHICH MULTILATERAL ECONOMIC ISSUES ARE THE MAJOR FOCUS OF CONCERN. IN PARTICULAR WE MAY NEED TO SHIFT EMPHASIS TOWARD REGIONAL AND MULTILATERAL DIPLOMACY IN THE FOLLOWING DIRECTIONS:

-- STRENGTHENING ECONOMIC COOPERATION AMONG THE INDUSTRIAL DEMOCRACIES IN INTERNATIONAL MANAGEMENT OF SUCH ISSUES AS ENERGY, TARIFFS, COMMODITIES, AND EXCHANGE RATES; MANAGING OUR DOMESTIC ECONOMIC POLICIES WITH ENHANCED CONCERN FOR THEIR EXTERNAL EFFECTS; AND SEEKING EFFECTIVE WAYS TO ASSIST THE WEAKER OECD ECONOMIES.

-- PARTICIPATING IN SPECIFIC, POTENTIALLY EXPENSIVE PROGRAMS FOR ECONOMIC RECOVERY AND REFORM IN THE UK AND ITALY.

-- DEVELOPING POLICIES AND PROCEDURES FOR DEALINGS WITH LESS DEVELOPED COUNTRIES AND MANAGING THE GROWING NUMBER OF JOINT DEALINGS WITH COMMUNIST COUNTRIES.

-- COOPERATIVE WORK ON EMERGING GLOBAL PROBLEMS AFFECTING OUR COMMON INTERESTS SUCH AS NUCLEAR PROLIFERATION, HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER, FOOD, TERRORISM AND NARCOTICS.

-- DEVELOPING A CLIMATE OF OPINION FOR CONTINUED SUPPORT OF OUR WIDENING COMMON INTERESTS AS THE POST WORLD WAR II GENERATION YIELDS PLACE TO A NEW GENERATION THAT WILL BE QUESTIONING OLD RATIONALES FOR COOPERATION AND SEEKING NEW ONES.

CONFIDENTIAL

PAGE 06 STATE 038338

-- COPING WITH THE POSSIBLE PARTICIPATION OF COMMUNIST REPRESENTATIVES IN ONE OR MORE GOVERNMENTS OF THE INDUSTRIAL DEMOCRACIES.

B. BY FY 1979 WE SHOULD BE DEALING WITH CRITICAL ISSUES IN DEVELOPING OUR RELATIONSHIPS WITH THE COMMUNIST COUNTRIES.

-- OUR RELATIONSHIP WITH THE USSR, ALONG WITH OUR RELATIONS WITH THE INDUSTRIAL DEMOCRACIES WILL CONTINUE TO RATE AMONG OUR TOP PRIORITY CONCERNS. ANY PERIOD OF "TESTING" THE NEW AMERICAN ADMINISTRATION WILL BE WELL PAST, BUT SUCCESSION POLITICS COULD BE AT CENTER STAGE IN

MOSCOW. WE ARE REASONABLY WELL POSITIONED TO COPE WITH A VARIETY OF DEVELOPMENTS (POSITIVE OR NEGATIVE) IN OUR RELATIONSHIP AND IN ALL LIKELIHOOD, THE PATTERN OF US-SOVIET DEALINGS WILL CONTINUE TO BE VERY MIXED. THERE ARE, HOWEVER, TWO ALTERNATIVE BROAD LINES OF MOVEMENT THAT WE SHOULD BE PREPARED TO DEAL WITH:

A SUBSTANTIAL SETBACK TO US-SOVIET RELATIONS ACROSS THE BOARD OCCASIONED BY SOVIET ATTEMPTS TO EXPLOIT ITS GROWING MILITARY CAPABILITY, ESPECIALLY FOR DISTANT OPERATIONS, AND POSSIBLE WEAKNESSES IN US (AND EUROPEAN) POLICIES. THIS

WOULD FORCE NEW EMPHASIS ON SECURITY MANAGEMENT AND CONCENTRATION ON TRADITIONAL POLITICAL AND POLITICO-MILITARY AREAS: OR,

A SUBSTANTIAL FORWARD MOMENTUM WITH EMPHASIS ON TECHNICAL, ECONOMIC AND CULTURAL AREAS, RESULTING IN INCREASED REQUIREMENTS FOR OVERSEAS STAFFING AS WELL AS BACKSTOPPING IN WASHINGTON, ESPECIALLY IN THE FUNCTIONAL BUREAUS.

8. ALTHOUGH WE DO NOT CONSIDER THE LATTER POSSIBILITY MARKEDLY MORE LIKELY, WE DO SUGGEST IT AS A BASIS FOR PLAN-CONFIDENTIAL

PAGE 07 STATE 038338

NING SO THAT WE ARE POSITIONED TO TAKE ADVANTAGES OF OPPORTUNITIES THAT DO OCCUR; ALSO THE FORMER TREND CAN BE RELATIVELY MORE EASILY ACCOMMODATED WITHIN EXISTING DEPARTMENTAL STRUCTURES AND LEVELS OF EFFORT.

9. A MIXTURE OF TRENDS REMAINS THE MOST LIKELY CONTINGENCY, BUT WHICHEVER PREDOMINATES, WE WILL DEVOTE HIGH PRIORITY TO A NEW LOOK AT THE FULL RANGE OF ARMS CONTROL MATTERS, RANGING FROM A SALT III FOCUSED ON REDUCTIONS, OR RENEWED INTEREST IN A COMPREHENSIVE TEST BAN, TO CONVENTIONAL ARMS TRANSFERS. THE FALL OF 1978 WILL SEE A SPECIAL UN SESSION ON DISARMAMENT. IN ADDITION, CSCE WILL STILL BE A LIVE ISSUE, REQUIRING CLOSE MONITORING, PERHAPS FOR A SECOND FOLLOW-UP CONFERENCE THAT COULD COME AS EARLY AS FY 1979. EVEN IF AN MBFR AGREEMENT HAS BEEN REACHED, IT IS UNCLEAR WHAT SORT OF IMPLEMENTATION OR FOLLOW-UP WOULD BE UNDERWAY.

-- THE SITUATION IN EASTERN EUROPE COULD BE EXTREMELY DIFFICULT IF SOLUTIONS HAVE NOT BEEN FOUND TO THE ECONOMIC PROBLEMS FACING MOST OF THE COUNTRIES. OUR PROGRESS IN THE REGION WILL DEPEND IN GREAT PART ON THE TREND OF OUR RELATIONS WITH THE SOVIET UNION; THUS ALTERNATE SCENARIOS ARE AGAIN POSSIBLE. WE SUGGEST, HOWEVER, THAT PLANNING BE ON THE ASSUMPTION THAT WE WILL BE BROADENING OUR RELATIONS WITH EASTERN EUROPE, BEARING IN MIND THE EVOLUTION OF HUMAN RIGHTS ISSUES.

10. WITH CHINA, NORMALIZATION SHOULD HAVE MADE MAJOR HEADWAY AND WE SHOULD BE IN THE PROCESS OF DEEPENING THE RELATIONSHIP. AS SUGGESTED ABOVE, POLITICAL PROBLEMS WITHIN THE PRC COULD LEAD TO INSTABILITY AND A PAUSE IN THE DEVELOPMENT OF SINO-US TIES. THERE COULD ALSO BE SOME EASING OF SINO-SOVIET HOSTILITY THOUGH THERE IS LITTLE PROSPECT OF A SIGNIFICANT RAPPROCHEMENT.

CONFIDENTIAL

PAGE 08 STATE 038338

-- IN INDOCHINA WE WILL BE MOVING ALONG THE PATH OF DIPLOMATIC NORMALIZATION WITH VIETNAM AND PERHAPS CAMBODIA, AND EXPLORING PRACTICAL ARRANGEMENTS OF MUTUAL BENEFIT IN THE FIELDS OF TRAVEL AND TRADE.

-- WITH CUBA, WE MAY BE IN THE PROCESS OF ESTABLISHING DIRECT DIPLOMATIC CONTACTS IN ORDER TO ALLEVIATE TENSIONS AND INTEGRATE HAVANA INTO THE INTERNATIONAL SYSTEM IN A MORE PREDICTABLE MANNER.

C. WHETHER OR NOT SUCH MECHANISMS AS THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION ARE EFFECTIVE IN STARTING TO BRIDGE THE GAP BETWEEN NORTH AND SOUTH, WE EXPECT A CONTINUED INCREASE OF FOCUS ON OUR RELATIONS WITH THE BROAD RANGE OF "SOUTHERN" COUNTRIES. THIS WILL BE PRIMARILY IN THE ECONOMIC AREA BUT ALSO IN MULTILATERAL POLITICAL FORA.

-- WE WILL FACE A VAST AGENDA OF INTERNATIONAL NEGOTIATIONS ON NORTH-SOUTH ECONOMIC ISSUES. MOUNTING PRESSURE FROM LDCS FOR INDIRECT (AND RELATIVELY INEFFICIENT) TRANSFER MECHANISMS (E.G., COMMODITY PRICES, DEBT FORGIVENESS, INTERNATIONAL REGULATION OF TECHNOLOGY TRANSFER), MAY WELL REQUIRE NEW ATTEMPTS TO INCREASE THE ROLE OF AID AND TRADE LIBERALIZATION AS MORE EFFECTIVE RESPONSES TO THE DEVELOPING COUNTRIES.

-- WE WILL ALSO PROBABLY BE DEVOTING A SPECIAL EMPHASIS TO THE MOST IMPORTANT LDC'S (E.G., IRAN, NIGERIA, BRAZIL, MEXICO) AS THEY MOVE TO GREATER POWER STATUS AND INFLUENCE IN WORLD POLITICAL AND ECONOMIC COUNCILS; AND WE SHOULD DIFFERENTIATE MORE EFFECTIVELY IN OUR DEALINGS WITH REGIONS (E.G., THE NATIONS OF SOUTHEAST ASIA) AND GROUPS OF COUNTRIES (E.G., THE MSA'S).

D. WE WILL STILL BE FACED WITH SERIOUS PROBLEMS CONCERNING THE UNITED NATIONS AND SHOULD BE VIGOROUSLY WORKING ON

CONFIDENTIAL

PAGE 09 STATE 038338

REFORM OF IT AND OTHER GLOBAL AND INTERNATIONAL INSTITU-

TIONS. A GREATER MERGING OF THE "BILATERAL" AND "MULTI-LATERAL" FUNCTIONS SHOULD BE UNDERWAY IN THE DEPARTMENT.

E. WE EXPECT THE FOCUS OF FOREIGN POLICY TO MOVE AT AN INCREASINGLY FAST RATE INTO SOME OF THE NEW FUNCTIONAL AREAS SUCH AS ENVIRONMENT, SCIENCE AND TECHNOLOGY, ENERGY, OCEAN AFFAIRS, NARCOTICS, POPULATION AND RESOURCE DIPLOMACY. NUCLEAR PROLIFERATION WILL REMAIN AN AREA OF SPECIAL CONCERN. ECONOMIC DIPLOMACY WILL CONTINUE TO EXPAND. THE RELATIVE FOCUS ON THE GEOGRAPHIC ASPECT WILL BE DECREASING ALTHOUGH IT MAY CONTINUE TO GROW IN ABSOLUTE TERMS. WE WILL BE NEEDING EVER BETTER COORDINATION OF FUNCTIONAL AND GEOGRAPHIC CONCERNS AND THE DEVELOPMENT OF MORE PERSONNEL COMPETENT TO DEAL WITH THE NEW AREAS OF INTEREST AND TO INTEGRATE THEM WITH THE MORE TRADITIONAL CONCERNS AND TOOLS OF DIPLOMACY. INCREASED AWARENESS OF THE DOMESTIC IMPLICATIONS OF INTERDEPENDENCE WILL BE REQUIRED AND ENTAIL MORE COOPERATION WITH DOMESTIC AGENCIES. THE "NEW" FUNCTIONAL AREAS ARE DEVELOPING INTO MAJOR FIELDS OF CONTINUING MULTILATERAL CONCERN. THE VARIOUS FORA INTERACT WITH THE UN SYSTEM AND THE RESULT IS A STIMULUS TO GROWTH IN MULTILATERAL CONFERENCE DIPLOMACY ACROSS THE BOARD.

F. THE ESTIMATE OF ILLEGAL IMMIGRANTS NOW IN THE US TENDS TO APPROXIMATE THE NUMBER OF AMERICAN JOBLESS; THE TRAVEL EXPLOSION AND 1.5 MILLION AMERICANS ABROAD PROMISE TO OVERLOAD OUR CONSULAR AND IMMIGRATION FACILITIES. THE REFUGEE FLOW IS NOW 25-30,000 A YEAR. ALL OF THESE ARE OF CONCERN TO THE PUBLIC AND TO CONGRESS AND THEY WILL CONTINUE TO GROW THROUGH FY 1979 AND BEYOND.

G. THERE WILL BE AN EVER INCREASING REQUIREMENT FOR THE DEPARTMENT TO HAVE AN EFFECTIVE AND EARLY VOICE IN ARMS CONTROL IMPACT STATEMENTS AND IN DEFENSE DEPARTMENT
CONFIDENTIAL

PAGE 10 STATE 038338

PROCUREMENT DECISIONS, GIVEN THE FOREIGN POLICY IMPLICATIONS OF INCREASINGLY COMPLEX WEAPONS SYSTEMS, WHETHER IN TERMS OF BILATERAL US-SOVIET ARMS CONTROL OR IMPACT ON REGIONAL SITUATIONS. THIS INPUT SHOULD BE BOTH DIRECT AND THROUGH INTERAGENCY MECHANISMS.

H. MANY OF THE PROBLEMS THAT WE HAVE WITH THE THIRD WORLD COME TOGETHER IN A PARTICULARLY SIGNIFICANT WAY IN OUR RELATIONS WITH MEXICO. THESE INCLUDE ILLEGAL IMMIGRATION, FOREIGN INDEBTEDNESS, OIL, AND POTENTIAL POLITICAL INSTABILITY. IN THE FY 1979 TIME FRAME, SEVERAL COULD BE PARTICULARLY ACUTE AND REQUIRE INCREASED ATTENTION.

I. CRISIS AREAS ARE INHERENTLY UNPREDICTABLE BUT IT IS LIKELY THAT THE FOLLOWING WILL BE HIGH ON OUR LIST OF

CONCERNS IN FY 1979.

-- AFRICA. THE PROSPECT OF PERSISTENT INSTABILITY IN SOUTHERN AFRICA WILL CONTINUE TO THREATEN OUR OVERALL INTERESTS IN AFRICA. RADICALIZATION IN MOZAMBIQUE AND ANGOLA COUPLED WITH INCREASED SOVIET INFLUENCE MAY HAVE SERIOUS IMPACT ON OUR OBJECTIVES AND INTERESTS IN SOUTHERN AFRICA.

11. EVEN IF TRANSITIONS TO MAJORITY RULE AND SELF-DETERMINATION IN RHODESIA AND NAMIBIA ARE RELATIVELY PEACEFUL AND SOME DEGREE OF SUCCESSFUL MULTIRACIALITY OBTAINS IN THOSE COUNTRIES, THE SOUTH AFRICAN GOVERNMENT'S APPROACH TO DOMESTIC RACIAL ISSUES IS LIKELY TO CONTINUE TO BE A DESTABILIZING FACTOR IN SOUTHERN AFRICA AND A LONG-TERM SOURCE OF SERIOUS INTERNATIONAL DISCORD. OUR STANCE ON

THIS PROBLEM WILL CONTINUE TO BE AN IMPORTANT FACTOR IN OUR RELATIONS WITH SOME AFRICAN COUNTRIES.

12. WE WILL ALSO FACE POTENTIAL CONFLICTS IN THE HORN OF
CONFIDENTIAL

PAGE 11 STATE 038338

AFRICA, AND DEVELOPMENTS IN NIGERIA AND ZAIRE--BOTH NATIONS OF CONSIDERABLE IMPORTANCE TO US BUT WITH THE INGREDIENTS OF LONG-TERM INSTABILITY--COULD SERIOUSLY AFFECT OUR AFRICA POLICY. ACCESS TO AFRICAN ENERGY AND MINERAL RESOURCES AS WELL AS OUR TRADE AND INVESTMENT PROSPECTS COULD ALSO BE MENACED BY GROWING AFRICAN DEMANDS IN THE INTERNATIONAL ECONOMIC AREA, AS WELL AS BY UNRESOLVED RACIAL PROBLEMS IN SOUTH AFRICA.

-- YUGOSLAVIA AND POLAND. FY 1979 COULD SEE THE MOST CRITICAL PERIOD IN RECENT YUGOSLAV HISTORY--THE ESTABLISHMENT OF A NEW INTERNAL POLITICAL STRUCTURE AND PATTERN OF INTERNATIONAL RELATIONSHIPS FOLLOWING THE PASSING OF TITO. POLAND MAY BE EVEN MORE VOLATILE, GIVEN THE RECENT HISTORY OF WORKER UNREST.

-- THE AEGEAN. THE DISPUTE BETWEEN GREECE AND TURKEY COULD WELL FLARE INTO A MAJOR CRISIS AFFECTING NATO. AND THE CYPRUS ISSUE, IF STILL UNRESOLVED, WILL REMAIN A RELATED AND AN INDEPENDENT SOURCE OF TENSION.

-- CARIBBEAN. WE WILL BE FACING INCREASING DIFFICULTIES IN OUR DEALINGS WITH THE FORMER BRITISH COLONIES IN THE CARIBBEAN WHICH FACT AN EXPLOSIVE MIX OF SOCIAL, ECONOMIC AND POLITICAL PROBLEMS. JAMAICA'S GRAVE ECONOMIC SITUATION MAY FORCE IT TO UNDERTAKE A REASSESSMENT OF ITS RELATIONSHIPS WITH THE COMMONWEALTH CARIBBEAN AND PERHAPS EVEN CUBA. UNDER CUBAN PRESSURE, PUERTO RICO WILL CONTINUE TO BE TREATED AS A COLONIAL ISSUE IN NON-

ALIGNED FORA AND THE UNITED NATIONS.

-- PANAMA. SHOULD WE NOT HAVE A TREATY COMPLETED BY FY 1979, WE WILL FIND OURSELVES CONFRONTED WITH MAJOR POLITICAL AND SECURITY PROBLEMS IN PANAMA AND CONFRONTATION WITH LATIN AMERICA GENERALLY.

CONFIDENTIAL

PAGE 12 STATE 038338

-- KOREA. WE COULD FACE NEW POLICY DILEMMAS IN KOREA ARISING EITHER FROM LOCAL ACTIONS WHICH INCREASE THE LEVEL OF TENSIONS AND/OR DECLINING PUBLIC AND CONGRESSIONAL SUPPORT FOR OUR RELATIONSHIP WITH THE ROK. ALTERNATIVELY, THERE COULD BE NEW OPPORTUNITIES FOR DIPLOMATIC INITIATIVES DEPENDING ON WHETHER NORTH KOREA IS PREPARED TO RESUME SERIOUS DISCUSSIONS WITH SEOUL.

-- MIDDLE EAST. WHATEVER THE OUTCOME OF OUR SEARCH FOR PEACE IN THE MIDDLE EAST, WE WILL FACE A RANGE OF PROBLEMS THAT WILL KEEP THIS AREA NEAR THE TOP OF OUR PRIORITY CONCERNS.

A MORE PEACEFUL MIDDLE EAST WOULD RELIEVE THE MORE VISIBLE AND URGENT DEMANDS OF CRISIS DIPLOMACY. NEVERTHELESS, US INTERESTS IN BILATERAL RELATIONS WITH VARIOUS MIDDLE EAST COUNTRIES WILL CONTINUE TO EXPAND, REQUIRING CONSIDERABLE, PROBABLY INCREASED, ATTENTION.

FAILURE TO ACHIEVE A SETTLEMENT COULD LEAD TO RENEWED WAR. WE DOUBT THAT THE PRESENT NO-WAR/NO-PEACE SITUATION IN THE REGION CAN BE CONTINUED THROUGH FY 79. IN THE ABSENCE OF DEMONSTRABLE PROGRESS ON THE NEGOTIATING FRONT, THIS PERIOD WILL ALMOST CERTAINLY BE CHARACTERIZED BY MOUNTING TENSIONS, INCREASED TURMOIL, ANARCHIC VIOLENCE, AND GROWING PRESSURE ON THE US BY THE ARAB OIL PRODUCERS.

J. WE WILL NEED TO STRENGTHEN EMPHASIS ON OUR PUBLIC AND CONGRESSIONAL AFFAIRS ACTIVITIES FOR THE FORESEEABLE FUTURE. AREAS OF CENTRAL CONCERN ARE LIKELY TO BE HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, NUCLEAR PROLIFERATION, THE BROAD ISSUE OF DETENTE, MIDDLE EAST, PANAMA CANAL RATIFICATION, AND SOUTHERN AFRICA. WE HOPE TO HAVE RESTORED A BASIC DOMESTIC CONSENSUS ON FOREIGN POLICY GOALS BY FY 1979 BUT MANY ISSUES WILL REMAIN. IN PARTICULAR:

CONFIDENTIAL

PAGE 13 STATE 038338

-- WE SHOULD EMPHASIZE PROGRAMS THAT GET THE DEPARTMENT INTO CLOSER TOUCH WITH THE PUBLIC, DIRECTLY AND THROUGH THE NEW CONGRESS; THAT BUILD IN THE AMERICAN

PEOPLE A FULLER UNDERSTANDING OF THE GLOBAL ENVIROMENT
IN WHICH THEY LIVE; AND THAT GIVE THE DEPARTMENT AND
FOREIGN SERVICE A CLEARER UNDERSTANDING OF CONTEMPORARY
VIEWS AND VALUES OF AMERICANS--WHAT THEY WILL AND WILL NOT
SUPPORT.

-- WE SHOULD SEEK OUT AND PUBLICIZE THE IMPORTANCE OF
SPECIFIC FOREIGN POLICY ACTIONS TO THE INTERESTS OF
AMERICANS; IN OUR ACTIVITIES WE NEED NOT ONLY TO REFLECT
THOSE INTERESTS IN OUR POLICY DECISIONS BUT TO BE SEEN TO
DO SO.

HARTMAN

NOTE BY OCT: POUCHED TO PARAMARIBO, PORT MORESBY, AND SUVA.

CONFIDENTIAL

PAGE 01 STATE 038338
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INFO OCT-01 ISO-00 /005 R

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APPROVED BY NEA/RA:SEPALMERJR

NEA/ARN:JCHURCHILL(SUB)

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FM SECSTATE WASHDC

TO USINT BAGHDAD

C O N F I D E N T I A L STATE 038338

FOL REPEAT STATE 038338 ACTION ALDIP BEIRUT PARAMARIBO SUVA
PORT MORESBY BY POUCH DTD 19 FEB.

QUOTE

C O N F I D E N T I A L STATE 938338

E.O. 11652: GDS

TAGS: AMGT,PFOR,XX

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CONFIDENTIAL

PAGE 02 STATE 038338

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TENDS TO BE A STRAIGHT-LINE PROJECTION WITH FAIRLY LITTLE
CHANGE OVER THE PRESENT. WE CONTINUE TO RECOGNIZE THE
PITFALLS, BUT BELIEVE THAT SPECULATIVE PREDICTIONS HAVE
EVEN GREATER INHERENT DANGERS. WE ALSO ASSUME FOR THE
PURPOSE OF THIS FORECAST THAT THERE WILL BE NO MAJOR
CHANGES IN OVERALL DIRECTION OF US POLICY IN THE NEXT
SEVERAL YEARS ALTHOUGH THERE WILL BE CHANGES IN EMPHASIS
AS THE POLICIES OF THE NEW ADMINISTRATION DEVELOP.

3. TWO OF THE MOST IMPORTANT VARIABLES WILL BE CHINESE
AND SOVIET POLICIES IN THE POST-MAO AND (ALMOST CERTAINLY)
POST-BREZHNEV PERIODS.

-- A FUNDAMENTAL ORIENTATION OF SINO-SOVIET RELATIONS IS
CONCEIVABLE BUT HARDLY LIKELY BY 1979; THE CHANCES OF
LIMITED RAPPROCHEMENTS ARE SOMEWHAT BETTER. THE LATTER
WILL NOT RESULT IN A MAJOR REALIGNMENT OF THE US-SOVIET-
CHINESE TRIANGULAR RELATIONSHIP, BUT THE RELATIONSHIP MAY
WELL BE PASSING THROUGH A CRITICAL PERIOD. EVEN MINOR
SHIFTS WOULD REQUIRE CLOSE WATCHING SINCE THEIR CUMULATIVE
CONFIDENTIAL

PAGE 03 STATE 038338

EFFECT MIGHT BE CONSIDERABLE, AND IF INCORRECTLY INTER-
PRETED COULD LEAD TO SERIOUS MISAPPREHENSIONS AND FAULTY
RESPONSES ON OUR PART.

-- SIGNIFICANT SETBACKS ARE ALSO POSSIBLE IN BILATERAL US-
SOVIET RELATIONS. UNLESS EXTREME, HOWEVER, THEY WOULD
PROBABLY NOT HAVE A QUALITATIVE IMPACT ON THE INTER-
NATIONAL POWER STRUCTURE:

-- A RENEWAL OF THE SUCCESSION STRUGGLE IN CHINA COULD YIELD HEIGHTENED DISPLAYS OF PRC IMPATIENCE WITH THE PACE OF NORMALIZATION, BUT WE DOUBT THAT THE PRESENT LEADERSHIP, AT LEAST, WILL ALTER THE STRATEGIC BASIS OF OUR RELATIONSHIP.

4. A MAJOR ECONOMIC CRISIS IN THE INDUSTRIAL DEMOCRACIES COULD ALSO HAVE MAJOR IMPACT ON OUR POLICY CONCERNS. THE CURRENT "PAUSE" IN ECONOMIC RECOVERY (PARTICULARLY IN WESTERN EUROPE) RAISES SERIOUS SHORT AND LONGER-TERM QUESTIONS ABOUT PROSPECTS FOR SUSTAINED ECONOMIC GROWTH ON THE CONTINENT AND THE POLITICAL IMPLICATIONS OF SUCH ECONOMIC TROUBLES. SHOULD ECONOMIC RECOVERY RESUME AND PERHAPS ACCELERATE, THIS WOULD EASE SOME OF OUR CONCERNS; IT WOULD ALSO, HOWEVER, EXPAND WORLD ENERGY REQUIREMENTS, OFFERING OPEC A SUPPLY/DEMAND SITUATION FAVORABLE FOR ADDITIONAL OIL PRICE INCREASES AND THE RESULTANT POLITICAL PROBLEMS.

5. WE FORESEE NO MAJOR CHANGES IN OUR INTERNATIONAL SECURITY REQUIREMENTS IN THE COMING FEW YEARS, ALTHOUGH SOME READJUSTMENTS IN OUR OVERSEAS FORCE POSTURE MAY BE POSSIBLE OR NECESSARY. FOR EXAMPLE, CHANGES IN THE US SECURITY RELATIONSHIP TO TAIWAN MAY BE AN ELEMENT IN A US-PRC NORMALIZATION PACKAGE. THIS, HOWEVER, IS A COMPLEX ISSUE. WE CANNOT FORESEE AT THIS POINT EITHER THE TIMING OR THE MODALITIES OF SUCH ADJUSTMENTS. FURTHER TROOP WITH-
CONFIDENTIAL

PAGE 04 STATE 038338

DRAWALS FROM KOREA WILL BE GIVEN SERIOUS CONSIDERATION BY THE US, ALTHOUGH THE TIMING AND NATURE OF SUCH WITHDRAWALS WILL, TO SOME DEGREE, DEPEND UPON A NUMBER OF FACTORS, INCLUDING OUR CONCERN TO REASSURE THE JAPANESE. ALSO IN THE SECURITY AREA, EVEN A STRAIGHT-LINE PROJECTION OF RECENT SOVIET CONVENTIONAL FORCE BUILDUPS COULD FORCE READJUSTMENTS IN OUR OVERALL MILITARY POSTURE INCLUDING OVERSEAS DEPLOYMENTS.

6. WE WILL BE TAKING AN ACTIVE ROLE TO PROMOTE HUMAN RIGHTS IN BOTH BILATERAL AND MULTILATERAL CHANNELS. THE US WILL ALSO ATTEMPT TO RESTRAIN THE TRANSFER OF CONVENTIONAL ARMS TO LDC'S, WORKING COOPERATIVELY WITH OUR ALLIES AND OTHERS. THERE WILL ALSO BE A GREATER EMPHASIS ON ACHIEVING NONPROLIFERATION OBJECTIVES.

A. OUR RELATIONSHIPS WITH THE INDUSTRIAL DOMOCRACIES OF WESTERN EUROPE AND JAPAN WILL REMAIN THE BEDROCK OF OUR FOREIGN POLICY. ESTABLISHED SECURITY AND POLITICAL CONCERNS WILL CONTINUE TO BE CENTRAL AND REQUIRE CLOSE ATTENTION; ECONOMIC COLLABORATION WITH THESE NATIONS WILL BE A FUNDAMENTAL TASK OF OUR DIPLOMACY. OUR LINKAGES WITH

THEIR ECONOMIES WILL REMAIN VITAL.

7. WE WILL FACE MAJOR DIFFICULTIES, HOWEVER, IN BRIDGING THE GAP BETWEEN THE HIGH ECONOMIC PERFORMERS (PROBABLY OURSELVES, GERMANY AND JAPAN) AND THE OTHER INDUSTRIAL DEMOCRACIES, SOME OF WHICH MAY BE FACING LONG TERM STRUCTURAL ECONOMIC DIFFICULTIES. THERE MAY BE RESULTANT PROBLEMS OF DOMESTIC STABILITY, ABILITY TO SHARE DEFENSE BURDENS, AND ABILITY TO FORM COMMON PERSPECTIVES ON GLOBAL ISSUES. RENEWED MASSIVE JAPANESE TRADE SURPLUSES MAY ALSO CAUSE DIFFICULTIES WITH US AND WESTERN EUROPE, AND BRING THE TRILATERAL CONCEPT UNDER PRESSURE. THESE DEVELOPMENTS WILL TAX OUR CAPACITY FOR MULTILATERAL DIPLOMACY--IN THE OECD, AT ECONOMIC SUMMITS AND HIGH LEVEL CONFIDENTIAL

PAGE 05 STATE 038338

BILATERAL MEETINGS IN WHICH MULTILATERAL ECONOMIC ISSUES ARE THE MAJOR FOCUS OF CONCERN. IN PARTICULAR WE MAY NEED TO SHIFT EMPHASIS TOWARD REGIONAL AND MULTILATERAL DIPLOMACY IN THE FOLLOWING DIRECTIONS:

-- STRENGTHENING ECONOMIC COOPERATION AMONG THE INDUSTRIAL DEMOCRACIES IN INTERNATIONAL MANAGEMENT OF SUCH ISSUES AS ENERGY, TARIFFS, COMMODITIES, AND EXCHANGE RATES; MANAGING OUR DOMESTIC ECONOMIC POLICIES WITH ENHANCED CONCERN FOR THEIR EXTERNAL EFFECTS; AND SEEKING EFFECTIVE WAYS TO ASSIST THE WEAKER OECD ECONOMIES.

-- PARTICIPATING IN SPECIFIC, POTENTIALLY EXPENSIVE PROGRAMS FOR ECONOMIC RECOVERY AND REFORM IN THE UK AND ITALY.

-- DEVELOPING POLICIES AND PROCEDURES FOR DEALINGS WITH LESS DEVELOPED COUNTRIES AND MANAGING THE GROWING NUMBER OF JOINT DEALINGS WITH COMMUNIST COUNTRIES.

-- COOPERATIVE WORK ON EMERGING GLOBAL PROBLEMS AFFECTING OUR COMMON INTERESTS SUCH AS NUCLEAR PROLIFERATION, HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER, FOOD, TERRORISM AND NARCOTICS.

-- DEVELOPING A CLIMATE OF OPINION FOR CONTINUED SUPPORT OF OUR WIDENING COMMON INTERESTS AS THE POST WORLD WAR II GENERATION YIELDS PLACE TO A NEW GENERATION THAT WILL BE QUESTIONING OLD RATIONALES FOR COOPERATION AND SEEKING NEW ONES.

-- COPING WITH THE POSSIBLE PARTICIPATION OF COMMUNIST REPRESENTATIVES IN ONE OR MORE GOVERNMENTS OF THE INDUSTRIAL DEMOCRACIES.

B. BY FY 1979 WE SHOULD BE DEALING WITH CRITICAL ISSUES IN DEVELOPING OUR RELATIONSHIPS WITH THE COMMUNIST

CONFIDENTIAL

PAGE 06 STATE 038338

COUNTRIES.

-- OUR RELATIONSHIP WITH THE USSR, ALONG WITH OUR RELATIONS WITH THE INDUSTRIAL DEMOCRACIES WILL CONTINUE TO RATE AMONG OUR TOP PRIORITY CONCERNS. ANY PERIOD OF "TESTING" THE NEW AMERICAN ADMINISTRATION WILL BE WELL PAST, BUT SUCCESSION POLITICS COULD BE AT CENTER STAGE IN MOSCOW. WE ARE REASONABLY WELL POSITIONED TO COPE WITH A VARIETY OF DEVELOPMENTS (POSITIVE OR NEGATIVE) IN OUR RELATIONSHIP AND IN ALL LIKELIHOOD, THE PATTERN OF US-SOVIET DEALINGS WILL CONTINUE TO BE VERY MIXED. THERE ARE, HOWEVER, TWO ALTERNATIVE BROAD LINES OF MOVEMENT THAT WE SHOULD BE PREPARED TO DEAL WITH:

A SUBSTANTIAL SETBACK TO US-SOVIET RELATIONS ACROSS THE BOARD OCCASIONED BY SOVIET ATTEMPTS TO EXPLOIT ITS GROWING MILITARY CAPABILITY, ESPECIALLY FOR DISTANT OPERATIONS, AND POSSIBLE WEAKNESSES IN US (AND EUROPEAN) POLICIES. THIS

WOULD FORCE NEW EMPHASIS ON SECURITY MANAGEMENT AND CONCENTRATION ON TRADITIONAL POLITICAL AND POLITICO-MILITARY AREAS: OR,

A SUBSTANTIAL FORWARD MOMENTUM WITH EMPHASIS ON TECHNICAL, ECONOMIC AND CULTURAL AREAS, RESULTING IN INCREASED REQUIREMENTS FOR OVERSEAS STAFFING AS WELL AS BACKSTOPPING IN WASHINGTON, ESPECIALLY IN THE FUNCTIONAL BUREAUS.

8. ALTHOUGH WE DO NOT CONSIDER THE LATTER POSSIBILITY MARKEDLY MORE LIKELY, WE DO SUGGEST IT AS A BASIS FOR PLANNING SO THAT WE ARE POSITIONED TO TAKE ADVANTAGES OF OPPORTUNITIES THAT DO OCCUR; ALSO THE FORMER TREND CAN BE RELATIVELY MORE EASILY ACCOMMODATED WITHIN EXISTING DEPARTMENTAL STRUCTURES AND LEVELS OF EFFORT.

9. A MIXTURE OF TRENDS REMAINS THE MOST LIKELY CON-

PAGE 07 STATE 038338

TINGENCY, BUT WHICHEVER PREDOMINATES, WE WILL DEVOTE HIGH PRIORITY TO A NEW LOOK AT THE FULL RANGE OF ARMS CONTROL MATTERS, RANGING FROM A SALT III FOCUSSED ON REDUCTIONS, OR RENEWED INTEREST IN A COMPREHENSIVE TEST BAN, TO CONVENTIONAL ARMS TRANSFERS. THE FALL OF 1978 WILL SEE A SPECIAL UN SESSION ON DISARMAMENT. IN ADDITION, CSCE WILL STILL BE A LIVE ISSUE, REQUIRING CLOSE MONITORING, PERHAPS FOR A SECOND FOLLOW-UP CONFERENCE THAT COULD COME AS EARLY AS FY 1979. EVEN IF AN MBFR AGREEMENT HAS BEEN REACHED, IT IS UNCLEAR WHAT SORT OF IMPLEMENTATION OR

FOLLOW-UP WOULD BE UNDERWAY.

-- THE SITUATION IN EASTERN EUROPE COULD BE EXTREMELY DIFFICULT IF SOLUTIONS HAVE NOT BEEN FOUND TO THE ECONOMIC PROBLEMS FACING MOST OF THE COUNTRIES. OUR PROGRESS IN THE REGION WILL DEPEND IN GREAT PART ON THE TREND OF OUR RELATIONS WITH THE SOVIET UNION; THUS ALTERNATE SCENARIOS ARE AGAIN POSSIBLE. WE SUGGEST, HOWEVER, THAT PLANNING BE ON THE ASSUMPTION THAT WE WILL BE BROADENING OUR RELATIONS WITH EASTERN EUROPE, BEARING IN MIND THE EVOLUTION OF HUMAN RIGHTS ISSUES.

10. WITH CHINA, NORMALIZATION SHOULD HAVE MADE MAJOR HEADWAY AND WE SHOULD BE IN THE PROCESS OF DEEPENING THE RELATIONSHIP. AS SUGGESTED ABOVE, POLITICAL PROBLEMS WITHIN THE PRC COULD LEAD TO INSTABILITY AND A PAUSE IN THE DEVELOPMENT OF SINO-US TIES. THERE COULD ALSO BE SOME EASING OF SINO-SOVIET HOSTILITY THOUGH THERE IS LITTLE PROSPECT OF A SIGNIFICANT RAPPROCHEMENT.

-- IN INDOCHINA WE WILL BE MOVING ALONG THE PATH OF DIPLOMATIC NORMALIZATION WITH VIETNAM AND PERHAPS CAMBODIA, AND EXPLORING PRACTICAL ARRANGEMENTS OF MUTUAL BENEFIT IN THE FIELDS OF TRAVEL AND TRADE.

-- WITH CUBA, WE MAY BE IN THE PROCESS OF ESTABLISHING DIRECT DIPLOMATIC CONTACTS IN ORDER TO ALLEVIATE TENSIONS
CONFIDENTIAL

PAGE 08 STATE 038338

AND INTEGRATE HAVANA INTO THE INTERNATIONAL SYSTEM IN A MORE PREDICTABLE MANNER.

C. WHETHER OR NOT SUCH MECHANISMS AS THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION ARE EFFECTIVE IN STARTING TO BRIDGE THE GAP BETWEEN NORTH AND SOUTH, WE EXPECT A CONTINUED INCREASE OF FOCUS ON OUR RELATIONS WITH THE BROAD RANGE OF "SOUTHERN" COUNTRIES. THIS WILL BE PRIMARILY IN THE ECONOMIC AREA BUT ALSO IN MULTILATERAL POLITICAL FORA.

-- WE WILL FACE A VAST AGENDA OF INTERNATIONAL NEGOTIATIONS ON NORTH-SOUTH ECONOMIC ISSUES. MOUNTING PRESSURE FROM LDCS FOR INDIRECT (AND RELATIVELY INEFFICIENT) TRANSFER MECHANISMS (E.G., COMMODITY PRICES, DEBT FORGIVENESS, INTERNATIONAL REGULATION OF TECHNOLOGY TRANSFER), MAY WELL REQUIRE NEW ATTEMPTS TO INCREASE THE ROLE OF AID AND TRADE LIBERALIZATION AS MORE EFFECTIVE RESPONSES TO THE DEVELOPING COUNTRIES.

-- WE WILL ALSO PROBABLY BE DEVOTING A SPECIAL EMPHASIS TO THE MOST IMPORTANT LDC'S (E.G., IRAN, NIGERIA, BRAZIL, MEXICO) AS THEY MOVE TO GREATER POWER STATUS AND INFLUENCE IN WORLD POLITICAL AND ECONOMIC COUNCILS; AND WE SHOULD

DIFFERENTIATE MORE EFFECTIVELY IN OUR DEALINGS WITH REGIONS (E.G., THE NATIONS OF SOUTHEAST ASIA) AND GROUPS OF COUNTRIES (E.G., THE MSA'S).

D. WE WILL STILL BE FACED WITH SERIOUS PROBLEMS CONCERNING THE UNITED NATIONS AND SHOULD BE VIGOROUSLY WORKING ON REFORM OF IT AND OTHER GLOBAL AND INTERNATIONAL INSTITUTIONS. A GREATER MERGING OF THE "BILATERAL" AND "MULTILATERAL" FUNCTIONS SHOULD BE UNDERWAY IN THE DEPARTMENT.

E. WE EXPECT THE FOCUS OF FOREIGN POLICY TO MOVE AT AN INCREASINGLY FAST RATE INTO SOME OF THE NEW FUNCTIONAL
CONFIDENTIAL

PAGE 09 STATE 038338

AREAS SUCH AS ENVIRONMENT, SCIENCE AND TECHNOLOGY, ENERGY, OCEAN AFFAIRS NARCOTICS, POPULATION AND RESOURCE DIPLOMACY. NUCLEAR PROLIFERATION WILL REMAIN AN AREA OF SPECIAL CONCERN. ECONOMIC DIPLOMACY WILL CONTINUE TO EXPAND. THE RELATIVE FOCUS ON THE GEOGRAPHIC ASPECT WILL BE DECREASING ALTHOUGH IT MAY CONTINUE TO GROW IN ABSOLUTE TERMS. WE WILL BE NEEDING EVER BETTER COORDINATION OF FUNCTIONAL AND GEOGRAPHIC CONCERNS AND THE DEVELOPMENT OF MORE PERSONNEL COMPETENT TO DEAL WITH THE NEW AREAS OF INTEREST AND TO INTEGRATE THEM WITH THE MORE TRADITIONAL CONCERNS AND TOOLS OF DIPLOMACY. INCREASED AWARENESS OF THE DOMESTIC IMPLICATIONS OF INTERDEPENDENCE WILL BE REQUIRED AND ENTAIL MORE COOPERATION WITH DOMESTIC AGENCIES. THE "NEW" FUNCTIONAL AREAS ARE DEVELOPING INTO MAJOR FIELDS OF CONTINUING MULTILATERAL CONCERN. THE VARIOUS FORA INTERACT WITH THE UN SYSTEM AND THE RESULT IS A STIMULUS TO GROWTH IN MULTILATERAL CONFERENCE DIPLOMACY ACROSS THE BOARD.

F. THE ESTIMATE OF ILLEGAL IMMIGRANTS NOW IN THE US TENDS TO APPROXIMATE THE NUMBER OF AMERICAN JOBLESS; THE TRAVEL EXPLOSION AND 1.5 MILLION AMERICANS ABROAD PROMISE TO OVERLOAD OUR CONSULAR AND IMMIGRATION FACILITIES. THE REFUGEE FLOW IS NOW 25-30,000 A YEAR. ALL OF THESE ARE OF CONCERN TO THE PUBLIC AND TO CONGRESS AND THEY WILL CONTINUE TO GROW THROUGH FY 1979 AND BEYOND.

G. THERE WILL BE AN EVER INCREASING REQUIREMENT FOR THE DEPARTMENT TO HAVE AN EFFECTIVE AND EARLY VOICE IN ARMS CONTROL IMPACT STATEMENTS AND IN DEFENSE DEPARTMENT PROCUREMENT DECISIONS, GIVEN THE FOREIGN POLICY IMPLICATIONS OF INCREASINGLY COMPLEX WEAPONS SYSTEMS, WHETHER IN TERMS OF BILATERAL US-SOVIET ARMS CONTROL OR IMPACT ON REGIONAL SITUATIONS. THIS INPUT SHOULD BE BOTH DIRECT AND THROUGH INTERAGENCY MECHANISMS.

CONFIDENTIAL

PAGE 10 STATE 038338

H. MANY OF THE PROBLEMS THAT WE HAVE WITH THE THIRD WORLD COME TOGETHER IN A PARTICULARLY SIGNIFICANT WAY IN OUR RELATIONS WITH MEXICO. THESE INCLUDE ILLEGAL IMMIGRATION, FOREIGN INDEBTEDNESS, OIL, AND POTENTIAL POLITICAL INSTABILITY. IN THE FY 1979 TIME FRAME, SEVERAL COULD BE PARTICULARLY ACUTE AND REQUIRE INCREASED ATTENTION.

I. CRISIS AREAS ARE INHERENTLY UNPREDICTABLE BUT IT IS LIKELY THAT THE FOLLOWING WILL BE HIGH ON OUR LIST OF CONCERNS IN FY 1979.

-- AFRICA. THE PROSPECT OF PERSISTENT INSTABILITY IN SOUTHERN AFRICA WILL CONTINUE TO THREATEN OUR OVERALL INTERESTS IN AFRICA. RADICALIZATION IN MOZAMBIQUE AND ANGOLA COUPLED WITH INCREASED SOVIET INFLUENCE MAY HAVE SERIOUS IMPACT ON OUR OBJECTIVES AND INTERESTS IN SOUTHERN AFRICA.

11. EVEN IF TRANSITIONS TO MAJORITY RULE AND SELF-DETERMINATION IN RHODESIA AND NAMIBIA ARE RELATIVELY PEACEFUL AND SOME DEGREE OF SUCCESSFUL MULTIRACIALITY OBTAINS IN THOSE COUNTRIES, THE SOUTH AFRICAN GOVERNMENT'S APPROACH TO DOMESTIC RACIAL ISSUES IS LIKELY TO CONTINUE TO BE A DESTABILIZING FACTOR IN SOUTHERN AFRICA AND A LONG-TERM SOURCE OF SERIOUS INTERNATIONAL DISCORD. OUR STANCE ON

THIS PROBLEM WILL CONTINUE TO BE AN IMPORTANT FACTOR IN OUR RELATIONS WITH SOME AFRICAN COUNTRIES.

12. WE WILL ALSO FACE POTENTIAL CONFLICTS IN THE HORN OF AFRICA, AND DEVELOPMENTS IN NIGERIA AND ZAIRE--BOTH NATIONS OF CONSIDERABLE IMPORTANCE TO US BUT WITH THE INGREDIENTS OF LONG-TERM INSTABILITY--COULD SERIOUSLY AFFECT OUR AFRICA POLICY. ACCESS TO AFRICAN ENERGY AND MINERAL RESOURCES AS WELL AS OUR TRADE AND INVESTMENT PROSPECTS COULD ALSO BE MENACED BY GROWING AFRICAN
CONFIDENTIAL

PAGE 11 STATE 038338

DEMANDS IN THE INTERNATIONAL ECONOMIC AREA, AS WELL AS BY UNRESOLVED RACIAL PROBLEMS IN SOUTH AFRICA.

-- YUGOSLAVIA AND POLAND. FY 1979 COULD SEE THE MOST CRITICAL PERIOD IN RECENT YUGOSLAV HISTORY--THE ESTABLISHMENT OF A NEW INTERNAL POLITICAL STRUCTURE AND PATTERN OF INTERNATIONAL RELATIONSHIPS FOLLOWING THE PASSING OF TITO. POLAND MAY BE EVEN MORE VOLATILE, GIVEN THE RECENT HISTORY OF WORKER UNREST.

-- THE AEGEAN. THE DISPUTE BETWEEN GREECE AND TURKEY COULD WELL FLARE INTO A MAJOR CRISIS AFFECTING NATO. AND

THE CYPRUS ISSUE, IF STILL UNRESOLVED, WILL REMAIN A RELATED AND AN INDEPENDENT SOURCE OF TENSION.

-- CARIBBEAN. WE WILL BE FACING INCREASING DIFFICULTIES IN OUR DEALINGS WITH THE FORMER BRITISH COLONIES IN THE CARIBBEAN WHICH FACT AN EXPLOSIVE MIX OF SOCIAL, ECONOMIC AND POLITICAL PROBLEMS. JAMAICA'S GRAVE ECONOMIC SITUATION MAY FORCE IT TO UNDERTAKE A REASSESSMENT OF ITS RELATIONSHIPS WITH THE COMMONWEALTH CARIBBEAN AND PERHAPS EVEN CUBA. UNDER CUBAN PRESSURE, PUERTO RICO WILL CONTINUE TO BE TREATED AS A COLONIAL ISSUE IN NON-ALIGNED FORA AND THE UNITED NATIONS.

-- PANAMA. SHOULD WE NOT HAVE A TREATY COMPLETED BY FY 1979, WE WILL FIND OURSELVES CONFRONTED WITH MAJOR POLITICAL AND SECURITY PROBLEMS IN PANAMA AND CONFRONTATION WITH LATIN AMERICA GENERALLY.

-- KOREA. WE COULD FACE NEW POLICY DILEMMAS IN KOREA ARISING EITHER FROM LOCAL ACTIONS WHICH INCREASE THE LEVEL OF TENSIONS AND/OR DECLINING PUBLIC AND CONGRESSIONAL SUPPORT FOR OUR RELATIONSHIP WITH THE ROK. ALTERNATIVELY, THERE COULD BE NEW OPPORTUNITIES FOR DIPLOMATIC INITIATIVES DEPENDING ON WHETHER NORTH KOREA IS CONFIDENTIAL

PAGE 12 STATE 038338

PREPARED TO RESUME SERIOUS DISCUSSIONS WITH SEOUL.

-- MIDDLE EAST. WHATEVER THE OUTCOME OF OUR SEARCH FOR PEACE IN THE MIDDLE EAST, WE WILL FACE A RANGE OF PROBLEMS THAT WILL KEEP THIS AREA NEAR THE TOP OF OUR PRIORITY CONCERNS.

A MORE PEACEFUL MIDDLE EAST WOULD RELIEVE THE MORE VISIBLE AND URGENT DEMANDS OF CRISIS DIPLOMACY. NEVERTHELESS, US INTERESTS IN BILATERAL RELATIONS WITH VARIOUS MIDDLE EAST COUNTRIES WILL CONTINUE TO EXPAND, REQUIRING CONSIDERABLE, PROBABLY INCREASED, ATTENTION.

FAILURE TO ACHIEVE A SETTLEMENT COULD LEAD TO RENEWED WAR. WE DOUBT THAT THE PRESENT NO-WAR/NO-PEACE SITUATION IN THE REGION CAN BE CONTINUED THROUGH FY 79. IN THE ABSENCE OF DEMONSTRABLE PROGRESS ON THE NEGOTIATING FRONT, THIS PERIOD WILL ALMOST CERTAINLY BE CHARACTERIZED BY MOUNTING TENSIONS, INCREASED TURMOIL, ANARCHIC VIOLENCE, AND GROWING PRESSURE ON THE US BY THE ARAB OIL PRODUCERS.

J. WE WILL NEED TO STRENGTHEN EMPHASIS ON OUR PUBLIC AND CONGRESSIONAL AFFAIRS ACTIVITIES FOR THE FORESEEABLE FUTURE. AREAS OF CENTRAL CONCERN ARE LIKELY TO BE HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, NUCLEAR PROLIFERATION, THE BROAD ISSUE OF DETENTE, MIDDLE EAST,

PANAMA CANAL RATIFICATION, AND SOUTHERN AFRICA. WE HOPE
TO HAVE RESTORED A BASIC DOMESTIC CONSENSUS ON FOREIGN
POLICY GOALS BY FY 1979 BUT MANY ISSUES WILL REMAIN. IN
PARTICULAR:

-- WE SHOULD EMPHASIZE PROGRAMS THAT GET THE DEPARTMENT
INTO CLOSER TOUCH WITH THE PUBLIC, DIRECTLY AND
THROUGH THE NEW CONGRESS; THAT BUILD IN THE AMERICAN
PEOPLE A FULLER UNDERSTANDING OF THE GLOBAL ENVIROMENT
IN WHICH THEY LIVE; AND THAT GIVE THE DEPARTMENT AND
CONFIDENTIAL

PAGE 13 STATE 038338

FOREIGN SERVICE A CLEARER UNDERSTANDING OF CONTEMPORARY
VIEWS AND VALUES OF AMERICANS--WHAT THEY WILL AND WILL NOT
SUPPORT.

-- WE SHOULD SEEK OUT AND PUBLICIZE THE IMPORTANCE OF
SPECIFIC FOREIGN POLICY ACTIONS TO THE INTERESTS OF
AMERICANS; IN OUR ACTIVITIES WE NEED NOT ONLY TO REFLECT
THOSE INTERESTS IN OUR POLICY DECISIONS BUT TO BE SEEN TO
DO SO.

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CONFIDENTIAL

PAGE 01 STATE 038338
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PORT MORESBY BY POUCH DTD 19 FEB.

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E.O. 11652: GDS

TAGS: AMGT,PFOR,XX

SUBJECT: S/P FY 1979 BROAD TRENDS FORECAST
FOLLOWING IS THE POLICY PLANNING STAFF'S FY 1979 BROAD
TRENDS FORECAST. IT IS INTENDED FOR YOUR GENERAL GUIDANCE
CONFIDENTIAL

PAGE 02 STATE 038338

AND FOR USE IN PREPARING YOUR MISSION'S POLICY AND RESOURCE
ASSESSMENT (INSTRUCTIONS SEPTTEL).

-- FY 1979 BROAD TRENDS

1. WE ARE NOW IN THE THIRD ITERATION OF POLICY ENVIRON-
MENT FORECASTING FOR THE BUDGET CYCLE. THE FIRST STEP WAS
TAKEN LAST MARCH IN FORECASTING FOR FY 1978, AND A RE-
VISION OF THIS FORECAST WAS MADE IN SEPTEMBER. THE CURRENT
EFFORT IS SUPPOSED TO FORECAST BROAD TRENDS FOR THE FISCAL
YEAR 1979, AND DIFFERS FROM THE PREVIOUS FORECASTS IN THREE
REGARDS:

-- SINCE THE LAST FORECAST IN SEPTEMBER, THERE HAVE BEEN
SOME CHANGES IN THE INTERNATIONAL ENVIRONMENT THAT ALTER
OUR VIEW OF THE FUTURE.

-- THE ADVENT OF THE CARTER ADMINISTRATION HAS INTRODUCED
SOME NEW PRIORITIES AND EMPHASIS INTO OUR FOREIGN POLICY,
NOTABLY IN THE FIELDS OF HUMAN RIGHTS, CONVENTIONAL ARMS
TRANSFER AND NONPROLIFERATION.

-- THIS CURRENT FORECAST IS CONCERNED WITH THE PERIOD ONE
YEAR LATER THAN THE PREVIOUS, FY 1978, FORECASTS.

2. AS IN PREVIOUS FORECASTS, WE CONCENTRATE ALMOST
EXCLUSIVELY ON BROAD TRENDS SINCE MORE DETAILED DISCUS-
SIONS FALL BETTER INTO THE PROVINCE OF THE BUREAUS AND
EMBASSIES. ALSO, AS IN PREVIOUS EFFORTS, OUR FORECAST
TENDS TO BE A STRAIGHT-LINE PROJECTION WITH FAIRLY LITTLE
CHANGE OVER THE PRESENT. WE CONTINUE TO RECOGNIZE THE
PITFALLS, BUT BELIEVE THAT SPECULATIVE PREDICTIONS HAVE
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CONFIDENTIAL

PAGE 03 STATE 038338

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-- SIGNIFICANT SETBACKS ARE ALSO POSSIBLE IN BILATERAL US-SOVIET RELATIONS. UNLESS EXTREME, HOWEVER, THEY WOULD PROBABLY NOT HAVE A QUALITATIVE IMPACT ON THE INTERNATIONAL POWER STRUCTURE:

-- A RENEWAL OF THE SUCCESSION STRUGGLE IN CHINA COULD YIELD HEIGHTENED DISPLAYS OF PRC IMPATIENCE WITH THE PACE OF NORMALIZATION, BUT WE DOUBT THAT THE PRESENT LEADERSHIP, AT LEAST, WILL AGTER THE STRATEGIC BASIS OF OUR RELATIONSHIP.

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CONFIDENTIAL

PAGE 04 STATE 038338

5. WE FORESEE NO MAJOR CHANGES IN OUR INTERNATIONAL SECURITY REQUIREMENTS IN THE COMING FEW YEARS, ALTHOUGH SOME READJUSTMENTS IN OUR OVERSEAS FORCE POSTURE MAY BE POSSIBLE OR NECESSARY. FOR EXAMPLE, CHANGES IN THE US SECURITY RELATIONSHIP TO TAIWAN MAY BE AN ELEMENT IN A US-PRC NORMALIZATION PACKAGE. THIS, HOWEVER, IS A COMPLEX ISSUE. WE CANNOT FORESEE AT THIS POINT EITHER THE TIMING OR THE MODALITIES OF SUCH ADJUSTMENTS. FURTHER TROOP WITHDRAWALS FROM KOREA WILL BE GIVEN SERIOUS CONSIDERATION BY THE US, ALTHOUGH THE TIMING AND NATURE OF SUCH WITHDRAWALS WILL, TO SOME DEGREE, DEPEND UPON A NUMBER OF FACTORS, IN-

CLUDING OUR CONCERN TO REASSURE THE JAPANESE. ALSO IN THE SECURITY AREA, EVEN A STRAIGHT-LINE PROJECTION OF RECENT SOVIET CONVENTIONAL FORCE BUILDUPS COULD FORCE READJUSTMENTS IN OUR OVERALL MILITARY POSTURE INCLUDING OVERSEAS DEPLOYMENTS.

6. WE WILL BE TAKING AN ACTIVE ROLE TO PROMOTE HUMAN RIGHTS IN BOTH BILATERAL AND MULTILATERAL CHANNELS. THE US WILL ALSO ATTEMPT TO RESTRAIN THE TRANSFER OF CONVENTIONAL ARMS TO LDC'S, WORKING COOPERATIVELY WITH OUR ALLIES AND OTHERS. THERE WILL ALSO BE A GREATER EMPHASIS ON ACHIEVING NONPROLIFERATION OBJECTIVES.

A. OUR RELATIONSHIPS WITH THE INDUSTRIAL DOMOCRACIES OF WESTERN EUROPE AND JAPAN WILL REMAIN THE BEDROCK OF OUR FOREIGN POLICY. ESTABLISHED SECURITY AND POLITICAL CONCERNS WILL CONTINUE TO BE CENTRAL AND REQUIRE CLOSE ATTENTION; ECONOMIC COLLABORATION WITH THESE NATIONS WILL BE A FUNDAMENTAL TASK OF OUR DIPLOMACY. OUR LINKAGES WITH THEIR ECONOMIES WILL REMAIN VITAL.

7. WE WILL FACE MAJOR DIFFICULTIES, HOWEVER, IN BRIDGING THE GAP BETWEEN THE HIGH ECONOMIC PERFORMERS (PROBABLY OURSELVES, GERMANY AND JAPAN) AND THE OTHER INDUSTRIAL DEMOCRACIES, SOME OF WHICH MAY BE FACING LONG TERM
CONFIDENTIAL

PAGE 05 STATE 038338

STRUCTURAL ECONOMIC DIFFICULTIES. THERE MAY BE RESULTANT PROBLEMS OF DOMESTIC STABILITY, ABILITY TO SHARE DEFENSE BURDENS, AND ABILITY TO FORM COMMON PERSPECTIVES ON GLOBAL ISSUES. RENEWED MASSIVE JAPANESE TRADE SURPLUSES MAY ALSO CAUSE DIFFICULTIES WITH US AND WESTERN EUROPE, AND BRING THE TRILATERAL CONCEPT UNDER PRESSURE. THESE DEVELOPMENTS WILL TAX OUR CAPACITY FOR MULTILATERAL DIPLOMACY--IN THE OECD, AT ECONOMIC SUMMITS AND HIGH LEVEL BILATERAL MEETINGS IN WHICH MULTILATERAL ECONOMIC ISSUES ARE THE MAJOR FOCUS OF CONCERN. IN PARTICULAR WE MAY NEED TO SHIFT EMPHASIS TOWARD REGIONAL AND MULTILATERAL DIPLOMACY IN THE FOLLOWING DIRECTIONS:

-- STRENGTHENING ECONOMIC COOPERATION AMONG THE INDUSTRIAL DEMOCRACIES IN INTERNATIONAL MANAGEMENT OF SUCH ISSUES AS ENERGY, TARIFFS, COMMODITIES, AND EXCHANGE RATES; MANAGING OUR DOMESTIC ECONOMIC POLICIES WITH ENHANCED CONCERN FOR THEIR EXTERNAL EFFECTS; AND SEEKING EFFECTIVE WAYS TO ASSIST THE WEAKER OECD ECONOMIES.

-- PARTICIPATING IN SPECIFIC, POTENTIALLY EXPENSIVE PROGRAMS FOR ECONOMIC RECOVERY AND REFORM IN THE UK AND ITALY.

-- DEVELOPING POLICIES AND PROCEDURES FOR DEALINGS WITH LESS DEVELOPED COUNTRIES AND MANAGING THE GROWING NUMBER

OF JOINT DEALINGS WITH COMMUNIST COUNTRIES.

-- COOPERATIVE WORK ON EMERGING GLOBAL PROBLEMS AFFECTING OUR COMMON INTERESTS SUCH AS NUCLEAR PROLIFERATION, HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER, FOOD, TERRORISM AND NARCOTICS.

-- DEVELOPING A CLIMATE OF OPINION FOR CONTINUED SUPPORT OF OUR WIDENING COMMON INTERESTS AS THE POST WORLD WAR II GENERATION YIELDS PLACE TO A NEW GENERATION THAT WILL BE QUESTIONING OLD RATIONALES FOR COOPERATION AND SEEKING CONFIDENTIAL

PAGE 06 STATE 038338

NEW ONES.

-- COPING WITH THE POSSIBLE PARTICIPATION OF COMMUNIST REPRESENTATIVES IN ONE OR MORE GOVERNMENTS OF THE INDUSTRIAL DEMOCRACIES.

B. BY FY 1979 WE SHOULD BE DEALING WITH CRITICAL ISSUES IN DEVELOPING OUR RELATIONSHIPS WITH THE COMMUNIST COUNTRIES.

-- OUR RELATIONSHIP WITH THE USSR, ALONG WITH OUR RELATIONS WITH THE INDUSTRIAL DEMOCRACIES WILL CONTINUE TO RATE AMONG OUR TOP PRIORITY CONCERNS. ANY PERIOD OF "TESTING" THE NEW AMERICAN ADMINISTRATION WILL BE WELL PAST, BUT SUCCESSION POLITICS COULD BE AT CENTER STAGE IN MOSCOW. WE ARE REASONABLY WELL POSITIONED TO COPE WITH A VARIETY OF DEVELOPMENTS (POSITIVE OR NEGATIVE) IN OUR RELATIONSHIP AND IN ALL LIKELIHOOD, THE PATTERN OF US-SOVIET DEALINGS WILL CONTINUE TO BE VERY MIXED. THERE ARE, HOWEVER, TWO ALTERNATIVE BROAD LINES OF MOVEMENT THAT WE SHOULD BE PREPARED TO DEAL WITH:

-- A SUBSTANTIAL SETBACK TO US-SOVIET RELATIONS ACROSS THE BOARD OCCASIONED BY SOVIET ATTEMPTS TO EXPLOIT ITS GROWING MILITARY CAPABILITY, ESPECIALLY FOR DISTANT OPERATIONS, AND POSSIBLE WEAKNESSES IN US (AND EUROPEAN) POLICIES. THIS

WOULD FORCE NEW EMPHASIS ON SECURITY MANAGEMENT AND CONCENTRATION ON TRADITIONAL POLITICAL AND POLITICO-MILITARY AREAS: OR,

-- A SUBSTANTIAL FORWARD MOMENTUM WITH EMPHASIS ON TECHNICAL, ECONOMIC AND CULTURAL AREAS, RESULTING IN INCREASED REQUIREMENTS FOR OVERSEAS STAFFING AS WELL AS BACKSTOPPING IN WASHINGTON, ESPECIALLY IN THE FUNCTIONAL BUREAUS.

CONFIDENTIAL

PAGE 07 STATE 038338

8. ALTHOUGH WE DO NOT CONSIDER THE LATTER POSSIBILITY MARKEDLY MORE LIKELY, WE DO SUGGEST IT AS A BASIS FOR PLANNING SO THAT WE ARE POSITIONED TO TAKE ADVANTAGES OF OPPORTUNITIES THAT DO OCCUR; ALSO THE FORMER TREND CAN BE RELATIVELY MORE EASILY ACCOMMODATED WITHIN EXISTING DEPARTMENTAL STRUCTURES AND LEVELS OF EFFORT.

9. A MIXTURE OF TRENDS REMAINS THE MOST LIKELY CONTINGENCY, BUT WHICHEVER PREDOMINATES, WE WILL DEVOTE HIGH PRIORITY TO A NEW LOOK AT THE FULL RANGE OF ARMS CONTROL MATTERS, RANGING FROM A SALT III FOCUSSED ON REDUCTIONS, OR RENEWED INTEREST IN A COMPREHENSIVE TEST BAN, TO CONVENTIONAL ARMS TRANSFERS. THE FALL OF 1978 WILL SEE A SPECIAL UN SESSION ON DISARMAMENT. IN ADDITION, CSCE WILL STILL BE A LIVE ISSUE, REQUIRING CLOSE MONITORING, PERHAPS FOR A SECOND FOLLOW-UP CONFERENCE THAT COULD COME AS EARLY AS FY 1979. EVEN IF AN MBFR AGREEMENT HAS BEEN REACHED, IT IS UNCLEAR WHAT SORT OF IMPLEMENTATION OR FOLLOW-UP WOULD BE UNDERWAY.

-- THE SITUATION IN EASTERN EUROPE COULD BE EXTREMELY DIFFICULT IF SOLUTIONS HAVE NOT BEEN FOUND TO THE ECONOMIC PROBLEMS FACING MOST OF THE COUNTRIES. OUR PROGRESS IN THE REGION WILL DEPEND IN GREAT PART ON THE TREND OF OUR RELATIONS WITH THE SOVIET UNION; THUS ALTERNATE SCENARIOS ARE AGAIN POSSIBLE. WE SUGGEST, HOWEVER, THAT PLANNING BE ON THE ASSUMPTION THAT WE WILL BE BROADENING OUR RELATIONS WITH EASTERN EUROPE, BEARING IN MIND THE EVOLUTION OF HUMAN RIGHTS ISSUES.

10. WITH CHINA, NORMALIZATION SHOULD HAVE MADE MAJOR HEADWAY AND WE SHOULD BE IN THE PROCESS OF DEEPENING THE RELATIONSHIP. AS SUGGESTED ABOVE, POLITICAL PROBLEMS WITHIN THE PRC COULD LEAD TO INSTABILITY AND A PAUSE IN THE DEVELOPMENT OF SINO-US TIES. THERE COULD ALSO BE SOME EASING OF SINO-SOVIET HOSTILITY THOUGH THERE IS CONFIDENTIAL

PAGE 08 STATE 038338

LITTLE PROSPECT OF A SIGNIFICANT RAPPROCHEMENT.

-- IN INDOCHINA WE WILL BE MOVING ALONG THE PATH OF DIPLOMATIC NORMALIZATION WITH VIETNAM AND PERHAPS CAMBODIA, AND EXPLORING PRACTICAL ARRANGEMENTS OF MUTUAL BENEFIT IN THE FIELDS OF TRAVEL AND TRADE.

-- WITH CUBA, WE MAY BE IN THE PROCESS OF ESTABLISHING DIRECT DIPLOMATIC CONTACTS IN ORDER TO ALLEVIATE TENSIONS AND INTEGRATE HAVANA INTO THE INTERNATIONAL SYSTEM IN A MORE PREDICTABLE MANNER.

C. WHETHER OR NOT SUCH MECHANISMS AS THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION ARE EFFECTIVE IN START-

ING TO BRIDGE THE GAP BETWEEN NORTH AND SOUTH, WE EXPECT A CONTINUED INCREASE OF FOCUS ON OUR RELATIONS WITH THE BROAD RANGE OF "SOUTHERN" COUNTRIES. THIS WILL BE PRIMARILY IN THE ECONOMIC AREA BUT ALSO IN MULTILATERAL POLITICAL FORA.

-- WE WILL FACE A VAST AGENDA OF INTERNATIONAL NEGOTIATIONS ON NORTH-SOUTH ECONOMIC ISSUES. MOUNTING PRESSURE FROM LDCS FOR INDIRECT (AND RELATIVELY IN-EFFICIENT) TRANSFER MECHANISMS (E.G., COMMODITY PRICES, DEBT FORGIVENESS, INTERNATIONAL REGULATION OF TECHNOLOGY TRANSFER), MAY WELL REQUIRE NEW ATTEMPTS TO INCREASE THE ROLE OF AID AND TRADE LIBERALIZATION AS MORE EFFECTIVE RESPONSES TO THE DEVELOPING COUNTRIES.

-- WE WILL ALSO PROBABLY BE DEVOTING A SPECIAL EMPHASIS TO THE MOST IMPORTANT LDC'S (E.G., IRAN, NIGERIA, BRAZIL, MEXICO) AS THEY MOVE TO GREATER POWER STATUS AND INFLUENCE IN WORLD POLITICAL AND ECONOMIC COUNCILS; AND WE SHOULD DIFFERENTIATE MORE EFFECTIVELY IN OUR DEALINGS WITH REGIONS (E.G., THE NATIONS OF SOUTHEAST ASIA) AND GROUPS OF COUNTRIES (E.G., THE MSA'S).

CONFIDENTIAL

PAGE 09 STATE 038338

D. WE WILL STILL BE FACED WITH SERIOUS PROBLEMS CONCERNING THE UNITED NATIONS AND SHOULD BE VIGOROUSLY WORKING ON REFORM OF IT AND OTHER GLOBAL AND INTERNATIONAL INSTITUTIONS. A GREATER MERGING OF THE "BILATERAL" AND "MULTILATERAL" FUNCTIONS SHOULD BE UNDERWAY IN THE DEPARTMENT.

E. WE EXPECT THE FOCUS OF FOREIGN POLICY TO MOVE AT AN INCREASINGLY FAST RATE INTO SOME OF THE NEW FUNCTIONAL AREAS SUCH AS ENVIRONMENT, SCIENCE AND TECHNOLOGY, ENERGY, OCEAN AFFAIRS NARCOTICS, POPULATION AND RESOURCE DIPLOMACY. NUCLEAR PROLIFERATION WILL REMAIN AN AREA OF SPECIAL CONCERN. ECONOMIC DIPLOMACY WILL CONTINUE TO EXPAND. THE RELATIVE FOCUS ON THE GEOGRAPHIC ASPECT WILL BE DECREASING ALTHOUGH IT MAY CONTINUE TO GROW IN ABSOLUTE TERMS. WE WILL BE NEEDING EVER BETTER COORDINATION OF FUNCTIONAL AND GEOGRAPHIC CONCERNS AND THE DEVELOPMENT OF MORE PERSONNEL COMPETENT TO DEAL WITH THE NEW AREAS OF INTEREST AND TO INTEGRATE THEM WITH THE MORE TRADITIONAL CONCERNS AND TOOLS OF DIPLOMACY. INCREASED AWARENESS OF THE DOMESTIC IMPLICATIONS OF INTERDEPENDENCE WILL BE REQUIRED AND ENTAIL MORE COOPERATION WITH DOMESTIC AGENCIES. THE "NEW" FUNCTIONAL AREAS ARE DEVELOPING INTO MAJOR FIELDS OF CONTINUING MULTILATERAL CONCERN. THE VARIOUS FORA INTERACT WITH THE UN SYSTEM AND THE RESULT IS A STIMULUS TO GROWTH IN MULTILATERAL CONFERENCE DIPLOMACY ACROSS THE BOARD.

F. THE ESTIMATE OF ILLEGAL IMMIGRANTS NOW IN THE US TENDS TO APPROXIMATE THE NUMBER OF AMERICAN JOBLESS; THE TRAVEL EXPLOSION AND 1.5 MILLION AMERICANS ABROAD PROMISE TO OVERLOAD OUR CONSULAR AND IMMIGRATION FACILITIES. THE REFUGEE FLOW IS NOW 25-30,000 A YEAR. ALL OF THESE ARE OF CONCERN TO THE PUBLIC AND TO CONGRESS AND THEY WILL CONTINUE TO GROW THROUGH FY 1979 AND BEYOND.

G. THERE WILL BE AN EVER INCREASING REQUIREMENT FOR THE
CONFIDENTIAL

PAGE 10 STATE 038338

DEPARTMENT TO HAVE AN EFFECTIVE AND EARLY VOICE IN ARMS CONTROL IMPACT STATEMENTS AND IN DEFENSE DEPARTMENT PROCUREMENT DECISIONS, GIVEN THE FOREIGN POLICY IMPLICATIONS OF INCREASINGLY COMPLEX WEAPONS SYSTEMS, WHETHER IN TERMS OF BILATERAL US-SOVIET ARMS CONTROL OR IMPACT ON REGIONAL SITUATIONS. THIS INPUT SHOULD BE BOTH DIRECT AND THROUGH INTERAGENCY MECHANISMS.

H. MANY OF THE PROBLEMS THAT WE HAVE WITH THE THIRD WORLD COME TOGETHER IN A PARTICULARLY SIGNIFICANT WAY IN OUR RELATIONS WITH MEXICO. THESE INCLUDE ILLEGAL IMMIGRATION, FOREIGN INDEBTEDNESS, OIL, AND POTENTIAL POLITICAL INSTABILITY. IN THE FY 1979 TIME FRAME, SEVERAL COULD BE PARTICULARLY ACUTE AND REQUIRE INCREASED ATTENTION.

I. CRISIS AREAS ARE INHERENTLY UNPREDICTABLE BUT IT IS LIKELY THAT THE FOLLOWING WILL BE HIGH ON OUR LIST OF CONCERNS IN FY 1979.

-- AFRICA. THE PROSPECT OF PERSISTENT INSTABILITY IN SOUTHERN AFRICA WILL CONTINUE TO THREATEN OUR OVERALL INTERESTS IN AFRICA. RADICALIZATION IN MOZAMBIQUE AND ANGOLA COUPLED WITH INCREASED SOVIET INFLUENCE MAY HAVE SERIOUS IMPACT ON OUR OBJECTIVES AND INTERESTS IN SOUTHERN AFRICA.

11. EVEN IF TRANSITIONS TO MAJORITY RULE AND SELF-DETERMINATION IN RHODESIA AND NAMIBIA ARE RELATIVELY PEACEFUL AND SOME DEGREE OF SUCCESSFUL MULTIRACIALITY OBTAINS IN THOSE COUNTRIES, THE SOUTH AFRICAN GOVERNMENT'S APPROACH TO DOMESTIC RACIAL ISSUES IS LIKELY TO CONTINUE TO BE A DESTABILIZING FACTOR IN SOUTHERN AFRICA AND A LONG-TERM SOURCE OF SERIOUS INTERNATIONAL DISCORD. OUR STANCE ON

THIS PROBLEM WILL CONTINUE TO BE AN IMPORTANT FACTOR IN OUR RELATIONS WITH SOME AFRICAN COUNTRIES.
CONFIDENTIAL

PAGE 11 STATE 038338

12. WE WILL ALSO FACE POTENTIAL CONFLICTS IN THE HORN OF

AFRICA, AND DEVELOPMENTS IN NIGERIA AND ZAIRE--BOTH NATIONS OF CONSIDERABLE IMPORTANCE TO US BUT WITH THE INGREDIENTS OF LONG-TERM INSTABILITY--COULD SERIOUSLY AFFECT OUR AFRICA POLICY. ACCESS TO AFRICAN ENERGY AND MINERAL RESOURCES AS WELL AS OUR TRADE AND INVESTMENT PROSPECTS COULD ALSO BE MENACED BY GROWING AFRICAN DEMANDS IN THE INTERNATIONAL ECONOMIC AREA, AS WELL AS BY UNRESOLVED RACIAL PROBLEMS IN SOUTH AFRICA.

-- YUGOSLAVIA AND POLAND. FY 1979 COULD SEE THE MOST CRITICAL PERIOD IN RECENT YUGOSLAV HISTORY--THE ESTABLISHMENT OF A NEW INTERNAL POLITICAL STRUCTURE AND PATTERN OF INTERNATIONAL RELATIONSHIPS FOLLOWING THE PASSING OF TITO. POLAND MAY BE EVEN MORE VOLATILE, GIVEN THE RECENT HISTORY OF WORKER UNREST.

-- THE AEGEAN. THE DISPUTE BETWEEN GREECE AND TURKEY COULD WELL FLARE INTO A MAJOR CRISIS AFFECTING NATO. AND THE CYPRUS ISSUE, IF STILL UNRESOLVED, WILL REMAIN A RELATED AND AN INDEPENDENT SOURCE OF TENSION.

-- CARIBBEAN. WE WILL BE FACING INCREASING DIFFICULTIES IN OUR DEALINGS WITH THE FORMER BRITISH COLONIES IN THE CARIBBEAN WHICH FACT AN EXPLOSIVE MIX OF SOCIAL, ECONOMIC AND POLITICAL PROBLEMS. JAMAICA'S GRAVE ECONOMIC SITUATION MAY FORCE IT TO UNDERTAKE A REASSESSMENT OF ITS RELATIONSHIPS WITH THE COMMONWEALTH CARIBBEAN AND PERHAPS EVEN CUBA. UNDER CUBAN PRESSURE, PUERTO RICO WILL CONTINUE TO BE TREATED AS A COLONIAL ISSUE IN NON-ALIGNED FORA AND THE UNITED NATIONS.

-- PANAMA. SHOULD WE NOT HAVE A TREATY COMPLETED BY FY 1979, WE WILL FIND OURSELVES CONFRONTED WITH MAJOR POLITICAL AND SECURITY PROBLEMS IN PANAMA AND CONFRONTA-
CONFIDENTIAL

PAGE 12 STATE 038338

TION WITH LATIN AMERICA GENERALLY.

-- KOREA. WE COULD FACE NEW POLICY DILEMMAS IN KOREA ARISING EITHER FROM LOCAL ACTIONS WHICH INCREASE THE LEVEL OF TENSIONS AND/OR DECLINING PUBLIC AND CONGRESSIONAL SUPPORT FOR OUR RELATIONSHIP WITH THE ROK. ALTERNATIVELY, THERE COULD BE NEW OPPORTUNITIES FOR DIPLOMATIC INITIATIVES DEPENDING ON WHETHER NORTH KOREA IS PREPARED TO RESUME SERIOUS DISCUSSIONS WITH SEOUL.

-- MIDDLE EAST. WHATEVER THE OUTCOME OF OUR SEARCH FOR PEACE IN THE MIDDLE EAST, WE WILL FACE A RANGE OF PROBLEMS THAT WILL KEEP THIS AREA NEAR THE TOP OF OUR PRIORITY CONCERNS.

-- A MORE PEACEFUL MIDDLE EAST WOULD RELIEVE THE MORE

VISIBLE AND URGENT DEMANDS OF CRISIS DIPLOMACY. NEVER-THELESS, US INTERESTS IN BILATERAL RELATIONS WITH VARIOUS MIDDLE EAST COUNTRIES WILL CONTINUE TO EXPAND, REQUIRING CONSIDERABLE, PROBABLY INCREASED, ATTENTION.

-- FAILURE TO ACHIEVE A SETTLEMENT COULD LEAD TO RENEWED WAR. WE DOUBT THAT THE PRESENT NO-WAR/NO-PEACE SITUATION IN THE REGION CAN BE CONTINUED THROUGH FY 79. IN THE ABSENCE OF DEMONSTRABLE PROGRESS ON THE NEGOTIATING FRONT, THIS PERIOD WILL ALMOST CERTAINLY BE CHARACTERIZED BY MOUNTING TENSIONS, INCREASED TURMOIL, ANARCHIC VIOLENCE, AND GROWING PRESSURE ON THE US BY THE ARAB OIL PRODUCERS.

J. WE WILL NEED TO STRENGTHEN EMPHASIS ON OUR PUBLIC AND CONGRESSIONAL AFFAIRS ACTIVITIES FOR THE FORESEEABLE FUTURE. AREAS OF CENTRAL CONCERN ARE LIKELY TO BE HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, NUCLEAR PROLIFERATION, THE BROAD ISSUE OF DETENTE, MIDDLE EAST, PANAMA CANAL RATIFICATION, AND SOUTHERN AFRICA. WE HOPE TO HAVE RESTORED A BASIC DOMESTIC CONSENSUS ON FOREIGN
CONFIDENTIAL

PAGE 13 STATE 038338

POLICY GOALS BY FY 1979 BUT MANY ISSUES WILL REMAIN. IN PARTICULAR:

-- WE SHOULD EMPHASIZE PROGRAMS THAT GET THE DEPARTMENT INTO CLOSER TOUCH WITH THE PUBLIC, DIRECTLY AND THROUGH THE NEW CONGRESS; THAT BUILD IN THE AMERICAN PEOPLE A FULLER UNDERSTANDING OF THE GLOBAL ENVIRONMENT IN WHICH THEY LIVE; AND THAT GIVE THE DEPARTMENT AND FOREIGN SERVICE A CLEARER UNDERSTANDING OF CONTEMPORARY VIEWS AND VALUES OF AMERICANS--WHAT THEY WILL AND WILL NOT SUPPORT.

-- WE SHOULD SEEK OUT AND PUBLICIZE THE IMPORTANCE OF SPECIFIC FOREIGN POLICY ACTIONS TO THE INTERESTS OF AMERICANS; IN OUR ACTIVITIES WE NEED NOT ONLY TO REFLECT THOSE INTERESTS IN OUR POLICY DECISIONS BUT TO BE SEEN TO DO O. HARTMAN UNQUOTE VANCE UNQUOTE VANCE

UNQUOTE CHRISTOPHER

CONFIDENTIAL

PAGE 01 STATE 038338
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FOLLOWING REPEAT STATE 038338 ACTION MARTINIQUE
CURACAO DTD 17 MAR

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C O N F I D E N T I A L STATE 038338

FOLLOWING REPEAT STATE 038338 ACTION HAMILTON DTD 16 MAR

QTE

C O N F I D E N T I A L STATE 038338

FOLLOWING TEL SENT ACTION BAGHDAD FEB 25:

QUOTE C O N F I D E N T I A L STATE 038338

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PORT MORESBY BY POUCH DTD 19 FEB.
CONFIDENTIAL

PAGE 02 STATE 038338

QUOTE C O N F I D E N T I A L STATE 038338

E.O. 11652: GDS

TAGS: AMGT,PFOR,XX

SUBJECT: S/P FY 1979 BROAD TRENDS FORECAST
FOLLOWING IS THE POLICY PLANNING STAFF'S FY 1979 BROAD
TRENDS FORECAST. IT IS INTENDED FOR YOUR GENERAL GUIDANCE
AND FOR USE IN PREPARING YOUR MISSION'S POLICY AND RESOURCE
ASSESSMENT (INSTRUCTIONS SEPTTEL).

-- FY 1979 BROAD TRENDS

1. WE ARE NOW IN THE THIRD ITERATION OF POLICY ENVIRON-
MENT FORECASTING FOR THE BUDGET CYCLE. THE FIRST STEP WAS
TAKEN LAST MARCH IN FORECASTING FOR FY 1978, AND A RE-
VISION OF THIS FORECAST WAS MADE IN SEPTEMBER. THE CURRENT
EFFORT IS SUPPOSED TO FORECAST BROAD TRENDS FOR THE FISCAL
YEAR 1979, AND DIFFERS FROM THE PREVIOUS FORECASTS IN THREE
REGARDS:

-- SINCE THE LAST FORECAST IN SEPTEMBER, THERE HAVE BEEN SOME CHANGES IN THE INTERNATIONAL ENVIRONMENT THAT ALTER OUR VIEW OF THE FUTURE.

-- THE ADVENT OF THE CARTER ADMINISTRATION HAS INTRODUCED SOME NEW PRIORITIES AND EMPHASIS INTO OUR FOREIGN POLICY, NOTABLY IN THE FIELDS OF HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER AND NONPROLIFERATION.

-- THIS CURRENT FORECAST IS CONCERNED WITH THE PERIOD ONE YEAR LATER THAN THE PREVIOUS, FY 1978, FORECASTS.

2. AS IN PREVIOUS FORECASTS, WE CONCENTRATE ALMOST EXCLUSIVELY ON BROAD TRENDS SINCE MORE DETAILED DISCUSSIONS FALL BETTER INTO THE PROVINCE OF THE BUREAUS AND EMBASSIES. ALSO, AS IN PREVIOUS EFFORTS, OUR FORECAST TENDS TO BE A STRAIGHT-LINE PROJECTION WITH FAIRLY LITTLE CHANGE OVER THE PRESENT. WE CONTINUE TO RECOGNIZE THE CONFIDENTIAL

PAGE 03 STATE 038338

PITFALLS, BUT BELIEVE THAT SPECULATIVE PREDICTIONS HAVE EVEN GREATER INHERENT DANGERS. WE ALSO ASSUME FOR THE PURPOSE OF THIS FORECAST THAT THERE WILL BE NO MAJOR CHANGES IN OVERALL DIRECTION OF US POLICY IN THE NEXT SEVERAL YEARS ALTHOUGH THERE WILL BE CHANGES IN EMPHASIS AS THE POLICIES OF THE NEW ADMINISTRATION DEVELOP.

3. TWO OF THE MOST IMPORTANT VARIABLES WILL BE CHINESE AND SOVIET POLICIES IN THE POST-MAO AND (ALMOST CERTAINLY) POST-BREZHNEV PERIODS.

-- A FUNDAMENTAL ORIENTATION OF SINO-SOVIET RELATIONS IS CONCEIVABLE BUT HARDLY LIKELY BY 1979; THE CHANCES OF LIMITED RAPPROCHEMENTS ARE SOMEWHAT BETTER. THE LATTER WILL NOT RESULT IN A MAJOR REALIGNMENT OF THE US-SOVIET-CHINESE TRIANGULAR RELATIONSHIP, BUT THE RELATIONSHIP MAY WELL BE PASSING THROUGH A CRITICAL PERIOD. EVEN MINOR SHIFTS WOULD REQUIRE CLOSE WATCHING SINCE THEIR CUMULATIVE EFFECT MIGHT BE CONSIDERABLE, AND IF INCORRECTLY INTERPRETED COULD LEAD TO SERIOUS MISAPPREHENSIONS AND FAULTY RESPONSES ON OUR PART.

-- SIGNIFICANT SETBACKS ARE ALSO POSSIBLE IN BILATERAL US-SOVIET RELATIONS. UNLESS EXTREME, HOWEVER, THEY WOULD PROBABLY NOT HAVE A QUALITATIVE IMPACT ON THE INTERNATIONAL POWER STRUCTURE:

-- A RENEWAL OF THE SUCCESSION STRUGGLE IN CHINA COULD YIELD HEIGHTENED DISPLAYS OF PRC IMPATIENCE WITH THE PACE OF NORMALIZATION, BUT WE DOUBT THAT THE PRESENT LEADERSHIP, AT LEAST, WILL AGTER THE STRATEGIC BASIS OF OUR RELATIONSHIP.

4. A MAJOR ECONOMIC CRISIS IN THE INDUSTRIAL DEMOCRACIES

COULD ALSO HAVE MAJOR IMPACT ON OUR POLICY CONCERNS. THE
CURRENT "PAUSE" IN ECONOMIC RECOVERY (PARTICULARLY IN
CONFIDENTIAL

PAGE 04 STATE 038338

WESTERN EUROPE) RAISES SERIOUS SHORT AND LONGER-TERM
QUESTIONS ABOUT PROSPECTS FOR SUSTAINED ECONOMIC GROWTH
ON THE CONTINENT AND THE POLITICAL IMPLICATIONS OF SUCH
ECONOMIC TROUBLES. SHOULD ECONOMIC RECOVERY RESUME AND
PERHAPS ACCELERATE, THIS WOULD EASE SOME OF OUR CONCERNS;
IT WOULD ALSO, HOWEVER, EXPAND WORLD ENERGY REQUIREMENTS,
OFFERING OPEC A SUPPLY/DEMAND SITUATION FAVORABLE FOR
ADDITIONAL OIL PRICE INCREASES AND THE RESULTANT POLITICAL
PROBLEMS.

5. WE FORESEE NO MAJOR CHANGES IN OUR INTERNATIONAL
SECURITY REQUIREMENTS IN THE COMING FEW YEARS, ALTHOUGH
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CONFIDENTIAL

PAGE 05 STATE 038338

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7. WE WILL FACE MAJOR DIFFICULTIES, HOWEVER, IN BRIDGING
THE GAP BETWEEN THE HIGH ECONOMIC PERFORMERS (PROBABLY

OURSELVES, GERMANY AND JAPAN) AND THE OTHER INDUSTRIAL DEMOCRACIES, SOME OF WHICH MAY BE FACING LONG TERM STRUCTURAL ECONOMIC DIFFICULTIES. THERE MAY BE RESULTANT PROBLEMS OF DOMESTIC STABILITY, ABILITY TO SHARE DEFENSE BURDENS, AND ABILITY TO FORM COMMON PERSPECTIVES ON GLOBAL ISSUES. RENEWED MASSIVE JAPANESE TRADE SURPLUSES MAY ALSO CAUSE DIFFICULTIES WITH US AND WESTERN EUROPE, AND BRING THE TRILATERAL CONCEPT UNDER PRESSURE. THESE DEVELOPMENTS WILL TAX OUR CAPACITY FOR MULTILATERAL DIPLOMACY--IN THE OECD, AT ECONOMIC SUMMITS AND HIGH LEVEL BILATERAL MEETINGS IN WHICH MULTILATERAL ECONOMIC ISSUES ARE THE MAJOR FOCUS OF CONCERN. IN PARTICULAR WE MAY NEED TO SHIFT EMPHASIS TOWARD REGIONAL AND MULTILATERAL DIPLOMACY IN THE FOLLOWING DIRECTIONS:

-- STRENGTHENING ECONOMIC COOPERATION AMONG THE INDUSTRIAL DEMOCRACIES IN INTERNATIONAL MANAGEMENT OF SUCH ISSUES AS ENERGY, TARIFFS, COMMODITIES, AND EXCHANGE RATES; MANAGING OUR DOMESTIC ECONOMIC POLICIES WITH ENHANCED CONCERN FOR THEIR EXTERNAL EFFECTS; AND SEEKING EFFECTIVE WAYS TO ASSIST THE WEAKER OECD ECONOMIES.

-- PARTICIPATING IN SPECIFIC, POTENTIALLY EXPENSIVE PROGRAMS FOR ECONOMIC RECOVERY AND REFORM IN THE UK AND ITALY.

-- DEVELOPING POLICIES AND PROCEDURES FOR DEALINGS WITH LESS DEVELOPED COUNTRIES AND MANAGING THE GROWING NUMBER OF JOINT DEALINGS WITH COMMUNIST COUNTRIES.

CONFIDENTIAL

PAGE 06 STATE 038338

-- COOPERATIVE WORK ON EMERGING GLOBAL PROBLEMS AFFECTING OUR COMMON INTERESTS SUCH AS NUCLEAR PROLIFERATION, HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER, FOOD, TERRORISM AND NARCOTICS.

-- DEVELOPING A CLIMATE OF OPINION FOR CONTINUED SUPPORT OF OUR WIDENING COMMON INTERESTS AS THE POST WORLD WAR II GENERATION YIELDS PLACE TO A NEW GENERATION THAT WILL BE QUESTIONING OLD RATIONALES FOR COOPERATION AND SEEKING NEW ONES.

-- COPING WITH THE POSSIBLE PARTICIPATION OF COMMUNIST REPRESENTATIVES IN ONE OR MORE GOVERNMENTS OF THE INDUSTRIAL DEMOCRACIES.

B. BY FY 1979 WE SHOULD BE DEALING WITH CRITICAL ISSUES IN DEVELOPING OUR RELATIONSHIPS WITH THE COMMUNIST COUNTRIES.

-- OUR RELATIONSHIP WITH THE USSR, ALONG WITH OUR RELATIONS WITH THE INDUSTRIAL DEMOCRACIES WILL CONTINUE TO RATE AMONG OUR TOP PRIORITY CONCERNS. ANY PERIOD OF

"TESTING" THE NEW AMERICAN ADMINISTRATION WILL BE WELL PAST, BUT SUCCESSION POLITICS COULD BE AT CENTER STAGE IN MOSCOW. WE ARE REASONABLY WELL POSITIONED TO COPE WITH A VARIETY OF DEVELOPMENTS (POSITIVE OR NEGATIVE) IN OUR RELATIONSHIP AND IN ALL LIKELIHOOD, THE PATTERN OF US-SOVIET DEALINGS WILL CONTINUE TO BE VERY MIXED. THERE ARE, HOWEVER, TWO ALTERNATIVE BROAD LINES OF MOVEMENT THAT WE SHOULD BE PREPARED TO DEAL WITH:

-- A SUBSTANTIAL SETBACK TO US-SOVIET RELATIONS ACROSS THE BOARD OCCASIONED BY SOVIET ATTEMPTS TO EXPLOIT ITS GROWING MILITARY CAPABILITY, ESPECIALLY FOR DISTANT OPERATIONS, AND POSSIBLE WEAKNESSES IN US (AND EUROPEAN) POLICIES. THIS
CONFIDENTIAL

PAGE 07 STATE 038338

WOULD FORCE NEW EMPHASIS ON SECURITY MANAGEMENT AND CONCENTRATION ON TRADITIONAL POLITICAL AND POLITICO-MILITARY AREAS: OR,

-- A SUBSTANTIAL FORWARD MOMENTUM WITH EMPHASIS ON TECHNICAL, ECONOMIC AND CULTURAL AREAS, RESULTING IN INCREASED REQUIREMENTS FOR OVERSEAS STAFFING AS WELL AS BACKSTOPPING IN WASHINGTON, ESPECIALLY IN THE FUNCTIONAL BUREAUS.

8. ALTHOUGH WE DO NOT CONSIDER THE LATTER POSSIBILITY MARKEDLY MORE LIKELY, WE DO SUGGEST IT AS A BASIS FOR PLANNING SO THAT WE ARE POSITIONED TO TAKE ADVANTAGES OF OPPORTUNITIES THAT DO OCCUR; ALSO THE FORMER TREND CAN BE RELATIVELY MORE EASILY ACCOMMODATED WITHIN EXISTING DEPARTMENTAL STRUCTURES AND LEVELS OF EFFORT.

9. A MIXTURE OF TRENDS REMAINS THE MOST LIKELY CONTINGENCY, BUT WHICHEVER PREDOMINATES, WE WILL DEVOTE HIGH PRIORITY TO A NEW LOOK AT THE FULL RANGE OF ARMS CONTROL MATTERS, RANGING FROM A SALT III FOCUSSED ON REDUCTIONS, OR RENEWED INTEREST IN A COMPREHENSIVE TEST BAN, TO CONVENTIONAL ARMS TRANSFERS. THE FALL OF 1978 WILL SEE A SPECIAL UN SESSION ON DISARMAMENT. IN ADDITION, CSCE WILL STILL BE A LIVE ISSUE, REQUIRING CLOSE MONITORING, PERHAPS FOR A SECOND FOLLOW-UP CONFERENCE THAT COULD COME AS EARLY AS FY 1979. EVEN IF AN MBFR AGREEMENT HAS BEEN REACHED, IT IS UNCLEAR WHAT SORT OF IMPLEMENTATION OR FOLLOW-UP WOULD BE UNDERWAY.

-- THE SITUATION IN EASTERN EUROPE COULD BE EXTREMELY DIFFICULT IF SOLUTIONS HAVE NOT BEEN FOUND TO THE ECONOMIC PROBLEMS FACING MOST OF THE COUNTRIES. OUR PROGRESS IN THE REGION WILL DEPEND IN GREAT PART ON THE TREND OF OUR RELATIONS WITH THE SOVIET UNION; THUS ALTERNATE SCENARIOS ARE AGAIN POSSIBLE. WE SUGGEST, HOWEVER, THAT PLANNING
CONFIDENTIAL

PAGE 08 STATE 038338

BE ON THE ASSUMPTION THAT WE WILL BE BROADENING OUR RELATIONS WITH EASTERN EUROPE, BEARING IN MIND THE EVOLUTION OF HUMAN RIGHTS ISSUES.

10. WITH CHINA, NORMALIZATION SHOULD HAVE MADE MAJOR HEADWAY AND WE SHOULD BE IN THE PROCESS OF DEEPENING THE RELATIONSHIP. AS SUGGESTED ABOVE, POLITICAL PROBLEMS WITHIN THE PRC COULD LEAD TO INSTABILITY AND A PAUSE IN THE DEVELOPMENT OF SINO-US TIES. THERE COULD ALSO BE SOME EASING OF SINO-SOVIET HOSTILITY THOUGH THERE IS LITTLE PROSPECT OF A SIGNIFICANT RAPPROCHEMENT.

-- IN INDOCHINA WE WILL BE MOVING ALONG THE PATH OF DIPLOMATIC NORMALIZATION WITH VIETNAM AND PERHAPS CAMBODIA, AND EXPLORING PRACTICAL ARRANGEMENTS OF MUTUAL BENEFIT IN THE FIELDS OF TRAVEL AND TRADE.

-- WITH CUBA, WE MAY BE IN THE PROCESS OF ESTABLISHING DIRECT DIPLOMATIC CONTACTS IN ORDER TO ALLEVIATE TENSIONS AND INTEGRATE HAVANA INTO THE INTERNATIONAL SYSTEM IN A MORE PREDICTABLE MANNER.

C. WHETHER OR NOT SUCH MECHANISMS AS THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION ARE EFFECTIVE IN STARTING TO BRIDGE THE GAP BETWEEN NORTH AND SOUTH, WE EXPECT A CONTINUED INCREASE OF FOCUS ON OUR RELATIONS WITH THE BROAD RANGE OF "SOUTHERN" COUNTRIES. THIS WILL BE PRIMARILY IN THE ECONOMIC AREA BUT ALSO IN MULTILATERAL POLITICAL FORA.

-- WE WILL FACE A VAST AGENDA OF INTERNATIONAL NEGOTIATIONS ON NORTH-SOUTH ECONOMIC ISSUES. MOUNTING PRESSURE FROM LDCS FOR INDIRECT (AND RELATIVELY INEFFICIENT) TRANSFER MECHANISMS (E.G., COMMODITY PRICES, DEBT FORGIVENESS, INTERNATIONAL REGULATION OF TECHNOLOGY TRANSFER), MAY WELL REQUIRE NEW ATTEMPTS TO INCREASE THE ROLE OF AID AND TRADE LIBERALIZATION AS MORE EFFECTIVE
CONFIDENTIAL

PAGE 09 STATE 038338

RESPONSES TO THE DEVELOPING COUNTRIES.

-- WE WILL ALSO PROBABLY BE DEVOTING A SPECIAL EMPHASIS TO THE MOST IMPORTANT LDC'S (E.G., IRAN, NIGERIA, BRAZIL, MEXICO) AS THEY MOVE TO GREATER POWER STATUS AND INFLUENCE IN WORLD POLITICAL AND ECONOMIC COUNCILS; AND WE SHOULD DIFFERENTIATE MORE EFFECTIVELY IN OUR DEALINGS WITH REGIONS (E.G., THE NATIONS OF SOUTHEAST ASIA) AND GROUPS OF COUNTRIES (E.G., THE MSA'S).

D. WE WILL STILL BE FACED WITH SERIOUS PROBLEMS CONCERNING THE UNITED NATIONS AND SHOULD BE VIGOROUSLY WORKING ON

REFORM OF IT AND OTHER GLOBAL AND INTERNATIONAL INSTITUTIONS. A GREATER MERGING OF THE "BILATERAL" AND "MULTILATERAL" FUNCTIONS SHOULD BE UNDERWAY IN THE DEPARTMENT.

E. WE EXPECT THE FOCUS OF FOREIGN POLICY TO MOVE AT AN INCREASINGLY FAST RATE INTO SOME OF THE NEW FUNCTIONAL AREAS SUCH AS ENVIRONMENT, SCIENCE AND TECHNOLOGY, ENERGY, OCEAN AFFAIRS NARCOTICS, POPULATION AND RESOURCE DIPLOMACY. NUCLEAR PROLIFERATION WILL REMAIN AN AREA OF SPECIAL CONCERN. ECONOMIC DIPLOMACY WILL CONTINUE TO EXPAND. THE RELATIVE FOCUS ON THE GEOGRAPHIC ASPECT WILL BE DECREASING ALTHOUGH IT MAY CONTINUE TO GROW IN ABSOLUTE TERMS. WE WILL BE NEEDING EVER BETTER COORDINATION OF FUNCTIONAL AND GEOGRAPHIC CONCERNS AND THE DEVELOPMENT OF MORE PERSONNEL COMPETENT TO DEAL WITH THE NEW AREAS OF INTEREST AND TO INTEGRATE THEM WITH THE MORE TRADITIONAL CONCERNS AND TOOLS OF DIPLOMACY. INCREASED AWARENESS OF THE DOMESTIC IMPLICATIONS OF INTERDEPENDENCE WILL BE REQUIRED AND ENTAIL MORE COOPERATION WITH DOMESTIC AGENCIES. THE "NEW" FUNCTIONAL AREAS ARE DEVELOPING INTO MAJOR FIELDS OF CONTINUING MULTILATERAL CONCERN. THE VARIOUS FORA INTERACT WITH THE UN SYSTEM AND THE RESULT IS A STIMULUS TO GROWTH IN MULTILATERAL CONFERENCE DIPLOMACY ACROSS THE BOARD.
CONFIDENTIAL

PAGE 10 STATE 038338

F. THE ESTIMATE OF ILLEGAL IMMIGRANTS NOW IN THE US TENDS TO APPROXIMATE THE NUMBER OF AMERICAN JOBLESS; THE TRAVEL EXPLOSION AND 1.5 MILLION AMERICANS ABROAD PROMISE TO OVERLOAD OUR CONSULAR AND IMMIGRATION FACILITIES. THE REFUGEE FLOW IS NOW 25-30,000 A YEAR. ALL OF THESE ARE OF CONCERN TO THE PUBLIC AND TO CONGRESS AND THEY WILL CONTINUE TO GROW THROUGH FY 1979 AND BEYOND.

G. THERE WILL BE AN EVER INCREASING REQUIREMENT FOR THE DEPARTMENT TO HAVE AN EFFECTIVE AND EARLY VOICE IN ARMS CONTROL IMPACT STATEMENTS AND IN DEFENSE DEPARTMENT PROCUREMENT DECISIONS, GIVEN THE FOREIGN POLICY IMPLICATIONS OF INCREASINGLY COMPLEX WEAPONS SYSTEMS, WHETHER IN TERMS OF BILATERAL US-SOVIET ARMS CONTROL OR IMPACT ON REGIONAL SITUATIONS. THIS INPUT SHOULD BE BOTH DIRECT AND THROUGH INTERAGENCY MECHANISMS.

H. MANY OF THE PROBLEMS THAT WE HAVE WITH THE THIRD WORLD COME TOGETHER IN A PARTICULARLY SIGNIFICANT WAY IN OUR RELATIONS WITH MEXICO. THESE INCLUDE ILLEGAL IMMIGRATION, FOREIGN INDEBTEDNESS, OIL, AND POTENTIAL POLITICAL INSTABILITY. IN THE FY 1979 TIME FRAME, SEVERAL COULD BE PARTICULARLY ACUTE AND REQUIRE INCREASED ATTENTION.

I. CRISIS AREAS ARE INHERENTLY UNPREDICTABLE BUT IT IS LIKELY THAT THE FOLLOWING WILL BE HIGH ON OUR LIST OF

CONCERNS IN FY 1979.

-- AFRICA. THE PROSPECT OF PERSISTENT INSTABILITY IN SOUTHERN AFRICA WILL CONTINUE TO THREATEN OUR OVERALL INTERESTS IN AFRICA. RADICALIZATION IN MOZAMBIQUE AND ANGOLA COUPLED WITH INCREASED SOVIET INFLUENCE MAY HAVE SERIOUS IMPACT ON OUR OBJECTIVES AND INTERESTS IN SOUTHERN AFRICA.

CONFIDENTIAL

PAGE 11 STATE 038338

11. EVEN IF TRANSITIONS TO MAJORITY RULE AND SELF-DETERMINATION IN RHODESIA AND NAMIBIA ARE RELATIVELY PEACEFUL AND SOME DEGREE OF SUCCESSFUL MULTIRACIALITY OBTAINS IN THOSE COUNTRIES, THE SOUTH AFRICAN GOVERNMENT'S APPROACH TO DOMESTIC RACIAL ISSUES IS LIKELY TO CONTINUE TO BE A DESTABILIZING FACTOR IN SOUTHERN AFRICA AND A LONG-TERM SOURCE OF SERIOUS INTERNATIONAL DISCORD. OUR STANCE ON

THIS PROBLEM WILL CONTINUE TO BE AN IMPORTANT FACTOR IN OUR RELATIONS WITH SOME AFRICAN COUNTRIES.

12. WE WILL ALSO FACE POTENTIAL CONFLICTS IN THE HORN OF AFRICA, AND DEVELOPMENTS IN NIGERIA AND ZAIRE--BOTH NATIONS OF CONSIDERABLE IMPORTANCE TO US BUT WITH THE INGREDIENTS OF LONG-TERM INSTABILITY--COULD SERIOUSLY AFFECT OUR AFRICA POLICY. ACCESS TO AFRICAN ENERGY AND MINERAL RESOURCES AS WELL AS OUR TRADE AND INVESTMENT PROSPECTS COULD ALSO BE MENACED BY GROWING AFRICAN DEMANDS IN THE INTERNATIONAL ECONOMIC AREA, AS WELL AS BY UNRESOLVED RACIAL PROBLEMS IN SOUTH AFRICA.

-- YUGOSLAVIA AND POLAND. FY 1979 COULD SEE THE MOST CRITICAL PERIOD IN RECENT YUGOSLAV HISTORY--THE ESTABLISHMENT OF A NEW INTERNAL POLITICAL STRUCTURE AND PATTERN OF INTERNATIONAL RELATIONSHIPS FOLLOWING THE PASSING OF TITO. POLAND MAY BE EVEN MORE VOLATILE, GIVEN THE RECENT HISTORY OF WORKER UNREST.

-- THE AEGEAN. THE DISPUTE BETWEEN GREECE AND TURKEY COULD WELL FLARE INTO A MAJOR CRISIS AFFECTING NATO. AND THE CYPRUS ISSUE, IF STILL UNRESOLVED, WILL REMAIN A RELATED AND AN INDEPENDENT SOURCE OF TENSION.

-- CARIBBEAN. WE WILL BE FACING INCREASING DIFFICULTIES IN OUR DEALINGS WITH THE FORMER BRITISH COLONIES IN THE CARIBBEAN WHICH FACT AN EXPLOSIVE MIX OF SOCIAL,
CONFIDENTIAL

PAGE 12 STATE 038338

ECONOMIC AND POLITICAL PROBLEMS. JAMAICA'S GRAVE

ECONOMIC SITUATION MAY FORCE IT TO UNDERTAKE A REASSESSMENT OF ITS RELATIONSHIPS WITH THE COMMONWEALTH CARIBBEAN AND PERHAPS EVEN CUBA. UNDER CUBAN PRESSURE, PUERTO RICO WILL CONTINUE TO BE TREATED AS A COLONIAL ISSUE IN NON-ALIGNED FORA AND THE UNITED NATIONS.

-- PANAMA. SHOULD WE NOT HAVE A TREATY COMPLETED BY FY 1979, WE WILL FIND OURSELVES CONFRONTED WITH MAJOR POLITICAL AND SECURITY PROBLEMS IN PANAMA AND CONFRONTATION WITH LATIN AMERICA GENERALLY.

-- KOREA. WE COULD FACE NEW POLICY DILEMMAS IN KOREA ARISING EITHER FROM LOCAL ACTIONS WHICH INCREASE THE LEVEL OF TENSIONS AND/OR DECLINING PUBLIC AND CONGRESSIONAL SUPPORT FOR OUR RELATIONSHIP WITH THE ROK. ALTERNATIVELY, THERE COULD BE NEW OPPORTUNITIES FOR DIPLOMATIC INITIATIVES DEPENDING ON WHETHER NORTH KOREA IS PREPARED TO RESUME SERIOUS DISCUSSIONS WITH SEOUL.

-- MIDDLE EAST. WHATEVER THE OUTCOME OF OUR SEARCH FOR PEACE IN THE MIDDLE EAST, WE WILL FACE A RANGE OF PROBLEMS THAT WILL KEEP THIS AREA NEAR THE TOP OF OUR PRIORITY CONCERNS.

-- A MORE PEACEFUL MIDDLE EAST WOULD RELIEVE THE MORE VISIBLE AND URGENT DEMANDS OF CRISIS DIPLOMACY. NEVERTHELESS, US INTERESTS IN BILATERAL RELATIONS WITH VARIOUS MIDDLE EAST COUNTRIES WILL CONTINUE TO EXPAND, REQUIRING CONSIDERABLE, PROBABLY INCREASED, ATTENTION.

-- FAILURE TO ACHIEVE A SETTLEMENT COULD LEAD TO RENEWED WAR. WE DOUBT THAT THE PRESENT NO-WAR/NO-PEACE SITUATION IN THE REGION CAN BE CONTINUED THROUGH FY 79. IN THE ABSENCE OF DEMONSTRABLE PROGRESS ON THE NEGOTIATING FRONT, THIS PERIOD WILL ALMOST CERTAINLY BE CHARACTERIZED BY CONFIDENTIAL

PAGE 13 STATE 038338

MOUNTING TENSIONS, INCREASED TURMOIL, ANARCHIC VIOLENCE, AND GROWING PRESSURE ON THE US BY THE ARAB OIL PRODUCERS.

J. WE WILL NEED TO STRENGTHEN EMPHASIS ON OUR PUBLIC AND CONGRESSIONAL AFFAIRS ACTIVITIES FOR THE FORESEEABLE FUTURE. AREAS OF CENTRAL CONCERN ARE LIKELY TO BE HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, NUCLEAR PROLIFERATION, THE BROAD ISSUE OF DETENTE, MIDDLE EAST, PANAMA CANAL RATIFICATION, AND SOUTHERN AFRICA. WE HOPE TO HAVE RESTORED A BASIC DOMESTIC CONSENSUS ON FOREIGN POLICY GOALS BY FY 1979 BUT MANY ISSUES WILL REMAIN. IN PARTICULAR:

-- WE SHOULD EMPHASIZE PROGRAMS THAT GET THE DEPARTMENT INTO CLOSER TOUCH WITH THE PUBLIC, DIRECTLY AND

THROUGH THE NEW CONGRESS; THAT BUILD IN THE AMERICAN
PEOPLE A FULLER UNDERSTANDING OF THE GLOBAL ENVIROMENT
IN WHICH THEY LIVE; AND THAT GIVE THE DEPARTMENT AND
FOREIGN SERVICE A CLEARER UNDERSTANDING OF CONTEMPORARY
VIEWS AND VALUES OF AMERICANS--WHAT THEY WILL AND WILL NOT
SUPPORT.

-- WE SHOULD SEEK OUT AND PUBLICIZE THE IMPORTANCE OF
SPECIFIC FOREIGN POLICY ACTIONS TO THE INTERESTS OF
AMERICANS; IN OUR ACTIVITIES WE NEED NOT ONLY TO REFLECT
THOSE INTERESTS IN OUR POLICY DECISIONS BUT TO BE SEEN TO
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CONFIDENTIAL

PAGE 01 STATE 038338
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FOLLOWING TEL SENT ACTION BAGHDAD FEB 25:

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PORT MORESBY BY POUCH DTD 19 FEB.

QUOTE C O N F I D E N T I A L STATE 938338

E.O. 11652: GDS

TAGS: AMGT,PFOR,XX

SUBJECT: S/P FY 1979 BROAD TRENDS FORECAST
FOLLOWING IS THE POLICY PLANNING STAFF'S FY 1979 BROAD
TRENDS FORECAST. IT IS INTENDED FOR YOUR GENERAL GUIDANCE
AND FOR USE IN PREPARING YOUR MISSION'S POLICY AND RESOURCE
ASSESSMENT (INSTRUCTIONS SEPTTEL).

-- FY 1979 BROAD TRENDS

1. WE ARE NOW IN THE THIRD ITERATION OF POLICY ENVIRON-
MENT FORECASTING FOR THE BUDGET CYCLE. THE FIRST STEP WAS

TAKEN LAST MARCH IN FORECASTING FOR FY 1978, AND A RE-
VISION OF THIS FORECAST WAS MADE IN SEPTEMBER. THE CURRENT
CONFIDENTIAL

PAGE 02 STATE 038338

EFFORT IS SUPPOSED TO FORECAST BROAD TRENDS FOR THE FISCAL
YEAR 1979, AND DIFFERS FROM THE PREVIOUS FORECASTS IN THREE
REGARDS:

-- SINCE THE LAST FORECAST IN SEPTEMBER, THERE HAVE BEEN
SOME CHANGES IN THE INTERNATIONAL ENVIRONMENT THAT ALTER
OUR VIEW OF THE FUTURE.

-- THE ADVENT OF THE CARTER ADMINISTRATION HAS INTRODUCED
SOME NEW PRIORITIES AND EMPHASIS INTO OUR FOREIGN POLICY,
NOTABLY IN THE FIELDS OF HUMAN RIGHTS, CONVENTIONAL ARMS
TRANSFER AND NONPROLIFERATION. -

-- THIS CURRENT FORECAST IS CONCERNED WITH THE PERIOD ONE
YEAR LATER THAN THE PREVIOUS, FY 1978, FORECASTS.

2. AS IN PREVIOUS FORECASTS, WE CONCENTRATE ALMOST
EXCLUSIVELY ON BROAD TRENDS SINCE MORE DETAILED DISCUS-
SIONS FALL BETTER INTO THE PROVINCE OF THE BUREAUS AND
EMBASSIES. ALSO, AS IN PREVIOUS EFFORTS, OUR FORECAST
TENDS TO BE A STRAIGHT-LINE PROJECTION WITH FAIRLY LITTLE
CHANGE OVER THE PRESENT. WE CONTINUE TO RECOGNIZE THE
PITFALLS, BUT BELIEVE THAT SPECULATIVE PREDICTIONS HAVE
EVEN GREATER INHERENT DANGERS. WE ALSO ASSUME FOR THE
PURPOSE OF THIS FORECAST THAT THERE WILL BE NO MAJOR
CHANGES IN OVERALL DIRECTION OF US POLICY IN THE NEXT
SEVERAL YEARS ALTHOUGH THERE WILL BE CHANGES IN EMPHASIS
AS THE POLICIES OF THE NEW ADMINISTRATION DEVELOP.

3. TWO OF THE MOST IMPORTANT VARIABLES WILL BE CHINESE
AND SOVIET POLICIES IN THE POST-MAO AND (ALMOST CERTAINLY)
POST-BREZHNEV PERIODS.

-- A FUNDAMENTAL ORIENTATION OF SINO-SOVIET RELATIONS IS
CONCEIVABLE BUT HARDLY LIKELY BY 1979; THE CHANCES OF
LIMITED RAPPROCHEMENTS ARE SOMEWHAT BETTER. THE LATTER
WILL NOT RESULT IN A MAJOR REALIGNMENT OF THE US-SOVIET-
CHINESE TRIANGULAR RELATIONSHIP, BUT THE RELATIONSHIP MAY
WELL BE PASSING THROUGH A CRITICAL PERIOD. EVEN MINOR
CONFIDENTIAL

PAGE 03 STATE 038338

SHIFTS WOULD REQUIRE CLOSE WATCHING SINCE THEIR CUMULATIVE
EFFECT MIGHT BE CONSIDERABLE, AND IF INCORRECTLY INTER-
PRETED COULD LEAD TO SERIOUS MISAPPREHENSIONS AND FAULTY
RESPONSES ON OUR PART.

-- SIGNIFICANT SETBACKS ARE ALSO POSSIBLE IN BILATERAL US-
SOVIET RELATIONS. UNLESS EXTREME, HOWEVER, THEY WOULD
PROBABLY NOT HAVE A QUALITATIVE IMPACT ON THE INTER-

NATIONAL POWER STRUCTURE:

-- A RENEWAL OF THE SUCCESSION STRUGGLE IN CHINA COULD YIELD HEIGHTENED DISPLAYS OF PRC IMPATIENCE WITH THE PACE OF NORMALIZATION, BUT WE DOUBT THAT THE PRESENT LEADERSHIP, AT LEAST, WILL AGTER THE STRATEGIC BASIS OF OUR RELATIONSHIP.

4. A MAJOR ECONOMIC CRISIS IN THE INDUSTRIAL DEMOCRACIES COULD ALSO HAVE MAJOR IMPACT ON OUR POLICY CONCERNS. THE CURRENT "PAUSE" IN ECONOMIC RECOVERY (PARTICULARLY IN WESTERN EUROPE) RAISES SERIOUS SHORT AND LONGER-TERM QUESTIONS ABOUT PROSPECTS FOR SUSTAINED ECONOMIC GROWTH ON THE CONTINENT AND THE POLITICAL IMPLICATIONS OF SUCH ECONOMIC TROUBLES. SHOULD ECONOMIC RECOVERY RESUME AND PERHAPS ACCELERATE, THIS WOULD EASE SOME OF OUR CONCERNS; IT WOULD ALSO, HOWEVER, EXPAND WORLD ENERGY REQUIREMENTS, OFFERING OPEC A SUPPLY/DEMAND SITUATION FAVORABLE FOR ADDITIONAL OIL PRICE INCREASES AND THE RESULTANT POLITICAL PROBLEMS.

5. WE FORESEE NO MAJOR CHANGES IN OUR INTERNATIONAL SECURITY REQUIREMENTS IN THE COMING FEW YEARS, ALTHOUGH SOME READJUSTMENTS IN OUR OVERSEAS FORCE POSTURE MAY BE POSSIBLE OR NECESSARY. FOR EXAMPLE, CHANGES IN THE US SECURITY RELATIONSHIP TO TAIWAN MAY BE AN ELEMENT IN A US-PRC NORMALIZATION PACKAGE. THIS, HOWEVER, IS A COMPLEX ISSUE. WE CANNOT FORESEE AT THIS POINT EITHER THE TIMING
CONFIDENTIAL

PAGE 04 STATE 038338

OR THE MODALITIES OF SUCH ADJUSTMENTS. FURTHER TROOP WITHDRAWALS FROM KOREA WILL BE GIVEN SERIOUS CONSIDERATION BY THE US, ALTHOUGH THE TIMING AND NATURE OF SUCH WITHDRAWALS WILL, TO SOME DEGREE, DEPEND UPON A NUMBER OF FACTORS, INCLUDING OUR CONCERN TO REASSURE THE JAPANESE. ALSO IN THE SECURITY AREA, EVEN A STRAIGHT-LINE PROJECTION OF RECENT SOVIET CONVENTIONAL FORCE BUILDUPS COULD FORCE READJUSTMENTS IN OUR OVERALL MILITARY POSTURE INCLUDING OVERSEAS DEPLOYMENTS.

6. WE WILL BE TAKING AN ACTIVE ROLE TO PROMOTE HUMAN RIGHTS IN BOTH BILATERAL AND MULTILATERAL CHANNELS. THE US WILL ALSO ATTEMPT TO RESTRAIN THE TRANSFER OF CONVENTIONAL ARMS TO LDC'S, WORKING COOPERATIVELY WITH OUR ALLIES AND OTHERS. THERE WILL ALSO BE A GREATER EMPHASIS ON ACHIEVING NONPROLIFERATION OBJECTIVES.

A. OUR RELATIONSHIPS WITH THE INDUSTRIAL DOMOCRACIES OF WESTERN EUROPE AND JAPAN WILL REMAIN THE BEDROCK OF OUR FOREIGN POLICY. ESTABLISHED SECURITY AND POLITICAL CONCERNS WILL CONTINUE TO BE CENTRAL AND REQUIRE CLOSE ATTENTION; ECONOMIC COLLABORATION WITH THESE NATIONS WILL

BE A FUNDAMENTAL TASK OF OUR DIPLOMACY. OUR LINKAGES WITH THEIR ECONOMIES WILL REMAIN VITAL.

7. WE WILL FACE MAJOR DIFFICULTIES, HOWEVER, IN BRIDGING THE GAP BETWEEN THE HIGH ECONOMIC PERFORMERS (PROBABLY OURSELVES, GERMANY AND JAPAN) AND THE OTHER INDUSTRIAL DEMOCRACIES, SOME OF WHICH MAY BE FACING LONG TERM STRUCTURAL ECONOMIC DIFFICULTIES. THERE MAY BE RESULTANT PROBLEMS OF DOMESTIC STABILITY, ABILITY TO SHARE DEFENSE BURDENS, AND ABILITY TO FORM COMMON PERSPECTIVES ON GLOBAL ISSUES. RENEWED MASSIVE JAPANESE TRADE SURPLUSES MAY ALSO CAUSE DIFFICULTIES WITH US AND WESTERN EUROPE, AND BRING THE TRILATERAL CONCEPT UNDER PRESSURE. THESE DEVELOPMENTS WILL TAX OUR CAPACITY FOR MULTILATERAL DIPLO-
CONFIDENTIAL

PAGE 05 STATE 038338

MACY--IN THE OECD, AT ECONOMIC SUMMITS AND HIGH LEVEL BILATERAL MEETINGS IN WHICH MULTILATERAL ECONOMIC ISSUES ARE THE MAJOR FOCUS OF CONCERN. IN PARTICULAR WE MAY NEED TO SHIFT EMPHASIS TOWARD REGIONAL AND MULTILATERAL DIPLOMACY IN THE FOLLOWING DIRECTIONS:

-- STRENGTHENING ECONOMIC COOPERATION AMONG THE INDUSTRIAL DEMOCRACIES IN INTERNATIONAL MANAGEMENT OF SUCH ISSUES AS ENERGY, TARIFFS, COMMODITIES, AND EXCHANGE RATES; MANAGING OUR DOMESTIC ECONOMIC POLICIES WITH ENHANCED CONCERN FOR THEIR EXTERNAL EFFECTS; AND SEEKING EFFECTIVE WAYS TO ASSIST THE WEAKER OECD ECONOMIES.

-- PARTICIPATING IN SPECIFIC, POTENTIALLY EXPENSIVE PROGRAMS FOR ECONOMIC RECOVERY AND REFORM IN THE UK AND ITALY.

-- DEVELOPING POLICIES AND PROCEDURES FOR DEALINGS WITH LESS DEVELOPED COUNTRIES AND MANAGING THE GROWING NUMBER OF JOINT DEALINGS WITH COMMUNIST COUNTRIES.

-- COOPERATIVE WORK ON EMERGING GLOBAL PROBLEMS AFFECTING OUR COMMON INTERESTS SUCH AS NUCLEAR PROLIFERATION, HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFER, FOOD, TERRORISM AND NARCOTICS.

-- DEVELOPING A CLIMATE OF OPINION FOR CONTINUED SUPPORT OF OUR WIDENING COMMON INTERESTS AS THE POST WORLD WAR II GENERATION YIELDS PLACE TO A NEW GENERATION THAT WILL BE QUESTIONING OLD RATIONALES FOR COOPERATION AND SEEKING NEW ONES.

-- COPING WITH THE POSSIBLE PARTICIPATION OF COMMUNIST REPRESENTATIVES IN ONE OR MORE GOVERNMENTS OF THE INDUSTRIAL DEMOCRACIES.

B. BY FY 1979 WE SHOULD BE DEALING WITH CRITICAL ISSUES

CONFIDENTIAL

PAGE 06 STATE 038338

IN DEVELOPING OUR RELATIONSHIPS WITH THE COMMUNIST COUNTRIES.

-- OUR RELATIONSHIP WITH THE USSR, ALONG WITH OUR RELATIONS WITH THE INDUSTRIAL DEMOCRACIES WILL CONTINUE TO RATE AMONG OUR TOP PRIORITY CONCERNS. ANY PERIOD OF "TESTING" THE NEW AMERICAN ADMINISTRATION WILL BE WELL PAST, BUT SUCCESSION POLITICS COULD BE AT CENTER STAGE IN MOSCOW. WE ARE REASONABLY WELL POSITIONED TO COPE WITH A VARIETY OF DEVELOPMENTS (POSITIVE OR NEGATIVE) IN OUR RELATIONSHIP AND IN ALL LIKELIHOOD, THE PATTERN OF US-SOVIET DEALINGS WILL CONTINUE TO BE VERY MIXED. THERE ARE, HOWEVER, TWO ALTERNATIVE BROAD LINES OF MOVEMENT THAT WE SHOULD BE PREPARED TO DEAL WITH:

A SUBSTANTIAL SETBACK TO US-SOVIET RELATIONS ACROSS THE BOARD OCCASIONED BY SOVIET ATTEMPTS TO EXPLOIT ITS GROWING MILITARY CAPABILITY, ESPECIALLY FOR DISTANT OPERATIONS, AND POSSIBLE WEAKNESSES IN US (AND EUROPEAN) POLICIES. THIS

WOULD FORCE NEW EMPHASIS ON SECURITY MANAGEMENT AND CONCENTRATION ON TRADITIONAL POLITICAL AND POLITICO-MILITARY AREAS: OR,

A SUBSTANTIAL FORWARD MOMENTUM WITH EMPHASIS ON TECHNICAL, ECONOMIC AND CULTURAL AREAS, RESULTING IN INCREASED REQUIREMENTS FOR OVERSEAS STAFFING AS WELL AS BACKSTOPPING IN WASHINGTON, ESPECIALLY IN THE FUNCTIONAL BUREAUS.

8. ALTHOUGH WE DO NOT CONSIDER THE LATTER POSSIBILITY MARKEDLY MORE LIKELY, WE DO SUGGEST IT AS A BASIS FOR PLANNING SO THAT WE ARE POSITIONED TO TAKE ADVANTAGES OF OPPORTUNITIES THAT DO OCCUR; ALSO THE FORMER TREND CAN BE RELATIVELY MORE EASILY ACCOMMODATED WITHIN EXISTING DEPARTMENTAL STRUCTURES AND LEVELS OF EFFORT.

CONFIDENTIAL

PAGE 07 STATE 038338

9. A MIXTURE OF TRENDS REMAINS THE MOST LIKELY CONTINGENCY, BUT WHICHEVER PREDOMINATES, WE WILL DEVOTE HIGH PRIORITY TO A NEW LOOK AT THE FULL RANGE OF ARMS CONTROL MATTERS, RANGING FROM A SALT III FOCUSSED ON REDUCTIONS, OR RENEWED INTEREST IN A COMPREHENSIVE TEST BAN, TO CONVENTIONAL ARMS TRANSFERS. THE FALL OF 1978 WILL SEE A SPECIAL UN SESSION ON DISARMAMENT. IN ADDITION, CSCE WILL STILL BE A LIVE ISSUE, REQUIRING CLOSE MONITORING, PERHAPS FOR A SECOND FOLLOW-UP CONFERENCE THAT COULD COME AS EARLY AS FY 1979. EVEN IF AN MBFR AGREEMENT HAS BEEN

REACHED, IT IS UNCLEAR WHAT SORT OF IMPLEMENTATION OR FOLLOW-UP WOULD BE UNDERWAY.

-- THE SITUATION IN EASTERN EUROPE COULD BE EXTREMELY DIFFICULT IF SOLUTIONS HAVE NOT BEEN FOUND TO THE ECONOMIC PROBLEMS FACING MOST OF THE COUNTRIES. OUR PROGRESS IN THE REGION WILL DEPEND IN GREAT PART ON THE TREND OF OUR RELATIONS WITH THE SOVIET UNION; THUS ALTERNATE SCENARIOS ARE AGAIN POSSIBLE. WE SUGGEST, HOWEVER, THAT PLANNING BE ON THE ASSUMPTION THAT WE WILL BE BROADENING OUR RELATIONS WITH EASTERN EUROPE, BEARING IN MIND THE EVOLUTION OF HUMAN RIGHTS ISSUES.

10. WITH CHINA, NORMALIZATION SHOULD HAVE MADE MAJOR HEADWAY AND WE SHOULD BE IN THE PROCESS OF DEEPENING THE RELATIONSHIP. AS SUGGESTED ABOVE, POLITICAL PROBLEMS WITHIN THE PRC COULD LEAD TO INSTABILITY AND A PAUSE IN THE DEVELOPMENT OF SINO-US TIES. THERE COULD ALSO BE SOME EASING OF SINO-SOVIET HOSTILITY THOUGH THERE IS LITTLE PROSPECT OF A SIGNIFICANT RAPPROCHEMENT.

-- IN INDOCHINA WE WILL BE MOVING ALONG THE PATH OF DIPLOMATIC NORMALIZATION WITH VIETNAM AND PERHAPS CAMBODIA, AND EXPLORING PRACTICAL ARRANGEMENTS OF MUTUAL BENEFIT IN THE FIELDS OF TRAVEL AND TRADE.

-- WITH CUBA, WE MAY BE IN THE PROCESS OF ESTABLISHING CONFIDENTIAL

PAGE 08 STATE 038338

DIRECT DIPLOMATIC CONTACTS IN ORDER TO ALLEVIATE TENSIONS AND INTEGRATE HAVANA INTO THE INTERNATIONAL SYSTEM IN A MORE PREDICTABLE MANNER.

C. WHETHER OR NOT SUCH MECHANISMS AS THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION ARE EFFECTIVE IN STARTING TO BRIDGE THE GAP BETWEEN NORTH AND SOUTH, WE EXPECT A CONTINUED INCREASE OF FOCUS ON OUR RELATIONS WITH THE BROAD RANGE OF "SOUTHERN" COUNTRIES. THIS WILL BE PRIMARILY IN THE ECONOMIC AREA BUT ALSO IN MULTILATERAL POLITICAL FORA.

-- WE WILL FACE A VAST AGENDA OF INTERNATIONAL NEGOTIATIONS ON NORTH-SOUTH ECONOMIC ISSUES. MOUNTING PRESSURE FROM LDCS FOR INDIRECT (AND RELATIVELY INEFFICIENT) TRANSFER MECHANISMS (E.G., COMMODITY PRICES, DEBT FORGIVENESS, INTERNATIONAL REGULATION OF TECHNOLOGY TRANSFER), MAY WELL REQUIRE NEW ATTEMPTS TO INCREASE THE ROLE OF AID AND TRADE LIBERALIZATION AS MORE EFFECTIVE RESPONSES TO THE DEVELOPING COUNTRIES.

-- WE WILL ALSO PROBABLY BE DEVOTING A SPECIAL EMPHASIS TO THE MOST IMPORTANT LDC'S (E.G., IRAN, NIGERIA, BRAZIL, MEXICO) AS THEY MOVE TO GREATER POWER STATUS AND INFLUENCE

IN WORLD POLITICAL AND ECONOMIC COUNCILS; AND WE SHOULD DIFFERENTIATE MORE EFFECTIVELY IN OUR DEALINGS WITH REGIONS (E.G., THE NATIONS OF SOUTHEAST ASIA) AND GROUPS OF COUNTRIES (E.G., THE MSA'S).

D. WE WILL STILL BE FACED WITH SERIOUS PROBLEMS CONCERNING THE UNITED NATIONS AND SHOULD BE VIGOROUSLY WORKING ON REFORM OF IT AND OTHER GLOBAL AND INTERNATIONAL INSTITUTIONS. A GREATER MERGING OF THE "BILATERAL" AND "MULTILATERAL" FUNCTIONS SHOULD BE UNDERWAY IN THE DEPARTMENT.

E. WE EXPECT THE FOCUS OF FOREIGN POLICY TO MOVE AT AN
CONFIDENTIAL

PAGE 09 STATE 038338

INCREASINGLY FAST RATE INTO SOME OF THE NEW FUNCTIONAL AREAS SUCH AS ENVIRONMENT, SCIENCE AND TECHNOLOGY, ENERGY, OCEAN AFFAIRS NARCOTICS, POPULATION AND RESOURCE DIPLOMACY. NUCLEAR PROLIFERATION WILL REMAIN AN AREA OF SPECIAL CONCERN. ECONOMIC DIPLOMACY WILL CONTINUE TO EXPAND. THE RELATIVE FOCUS ON THE GEOGRAPHIC ASPECT WILL BE DECREASING ALTHOUGH IT MAY CONTINUE TO GROW IN ABSOLUTE TERMS. WE WILL BE NEEDING EVER BETTER COORDINATION OF FUNCTIONAL AND GEOGRAPHIC CONCERNS AND THE DEVELOPMENT OF MORE PERSONNEL COMPETENT TO DEAL WITH THE NEW AREAS OF INTEREST AND TO INTEGRATE THEM WITH THE MORE TRADITIONAL CONCERNS AND TOOLS OF DIPLOMACY. INCREASED AWARENESS OF THE DOMESTIC IMPLICATIONS OF INTERDEPENDENCE WILL BE REQUIRED AND ENTAIL MORE COOPERATION WITH DOMESTIC AGENCIES. THE "NEW" FUNCTIONAL AREAS ARE DEVELOPING INTO MAJOR FIELDS OF CONTINUING MULTILATERAL CONCERN. THE VARIOUS FORA INTERACT WITH THE UN SYSTEM AND THE RESULT IS A STIMULUS TO GROWTH IN MULTILATERAL CONFERENCE DIPLOMACY ACROSS THE BOARD.

F. THE ESTIMATE OF ILLEGAL IMMIGRANTS NOW IN THE US TENDS TO APPROXIMATE THE NUMBER OF AMERICAN JOBLESS; THE TRAVEL EXPLOSION AND 1.5 MILLION AMERICANS ABROAD PROMISE TO OVERLOAD OUR CONSULAR AND IMMIGRATION FACILITIES. THE REFUGEE FLOW IS NOW 25-30,000 A YEAR. ALL OF THESE ARE OF CONCERN TO THE PUBLIC AND TO CONGRESS AND THEY WILL CONTINUE TO GROW THROUGH FY 1979 AND BEYOND.

G. THERE WILL BE AN EVER INCREASING REQUIREMENT FOR THE DEPARTMENT TO HAVE AN EFFECTIVE AND EARLY VOICE IN ARMS CONTROL IMPACT STATEMENTS AND IN DEFENSE DEPARTMENT PROCUREMENT DECISIONS, GIVEN THE FOREIGN POLICY IMPLICATIONS OF INCREASINGLY COMPLEX WEAPONS SYSTEMS, WHETHER IN TERMS OF BILATERAL US-SOVIET ARMS CONTROL OR IMPACT ON REGIONAL SITUATIONS. THIS INPUT SHOULD BE BOTH DIRECT AND THROUGH INTERAGENCY MECHANISMS.
CONFIDENTIAL

PAGE 10 STATE 038338

H. MANY OF THE PROBLEMS THAT WE HAVE WITH THE THIRD WORLD COME TOGETHER IN A PARTICULARLY SIGNIFICANT WAY IN OUR RELATIONS WITH MEXICO. THESE INCLUDE ILLEGAL IMMIGRATION, FOREIGN INDEBTEDNESS, OIL, AND POTENTIAL POLITICAL INSTABILITY. IN THE FY 1979 TIME FRAME, SEVERAL COULD BE PARTICULARLY ACUTE AND REQUIRE INCREASED ATTENTION.

I. CRISIS AREAS ARE INHERENTLY UNPREDICTABLE BUT IT IS LIKELY THAT THE FOLLOWING WILL BE HIGH ON OUR LIST OF CONCERNS IN FY 1979.

-- AFRICA. THE PROSPECT OF PERSISTENT INSTABILITY IN SOUTHERN AFRICA WILL CONTINUE TO THREATEN OUR OVERALL INTERESTS IN AFRICA. RADICALIZATION IN MOZAMBIQUE AND ANGOLA COUPLED WITH INCREASED SOVIET INFLUENCE MAY HAVE SERIOUS IMPACT ON OUR OBJECTIVES AND INTERESTS IN SOUTHERN AFRICA.

11. EVEN IF TRANSITIONS TO MAJORITY RULE AND SELF-DETERMINATION IN RHODESIA AND NAMIBIA ARE RELATIVELY PEACEFUL AND SOME DEGREE OF SUCCESSFUL MULTIRACIALITY OBTAINS IN THOSE COUNTRIES, THE SOUTH AFRICAN GOVERNMENT'S APPROACH TO DOMESTIC RACIAL ISSUES IS LIKELY TO CONTINUE TO BE A DESTABILIZING FACTOR IN SOUTHERN AFRICA AND A LONG-TERM SOURCE OF SERIOUS INTERNATIONAL DISCORD. OUR STANCE ON

THIS PROBLEM WILL CONTINUE TO BE AN IMPORTANT FACTOR IN OUR RELATIONS WITH SOME AFRICAN COUNTRIES.

12. WE WILL ALSO FACE POTENTIAL CONFLICTS IN THE HORN OF AFRICA, AND DEVELOPMENTS IN NIGERIA AND ZAIRE--BOTH NATIONS OF CONSIDERABLE IMPORTANCE TO US BUT WITH THE INGREDIENTS OF LONG-TERM INSTABILITY--COULD SERIOUSLY AFFECT OUR AFRICA POLICY. ACCESS TO AFRICAN ENERGY AND MINERAL RESOURCES AS WELL AS OUR TRADE AND INVESTMENT

CONFIDENTIAL

PAGE 11 STATE 038338

PROSPECTS COULD ALSO BE MENACED BY GROWING AFRICAN DEMANDS IN THE INTERNATIONAL ECONOMIC AREA, AS WELL AS BY UNRESOLVED RACIAL PROBLEMS IN SOUTH AFRICA.

-- YUGOSLAVIA AND POLAND. FY 1979 COULD SEE THE MOST CRITICAL PERIOD IN RECENT YUGOSLAV HISTORY--THE ESTABLISHMENT OF A NEW INTERNAL POLITICAL STRUCTURE AND PATTERN OF INTERNATIONAL RELATIONSHIPS FOLLOWING THE PASSING OF TITO. POLAND MAY BE EVEN MORE VOLATILE, GIVEN THE RECENT HISTORY OF WORKER UNREST.

-- THE AEGEAN. THE DISPUTE BETWEEN GREECE AND TURKEY COULD WELL FLARE INTO A MAJOR CRISIS AFFECTING NATO. AND

THE CYPRUS ISSUE, IF STILL UNRESOLVED, WILL REMAIN A RELATED AND AN INDEPENDENT SOURCE OF TENSION.

-- CARIBBEAN. WE WILL BE FACING INCREASING DIFFICULTIES IN OUR DEALINGS WITH THE FORMER BRITISH COLONIES IN THE CARIBBEAN WHICH FACT AN EXPLOSIVE MIX OF SOCIAL, ECONOMIC AND POLITICAL PROBLEMS. JAMAICA'S GRAVE ECONOMIC SITUATION MAY FORCE IT TO UNDERTAKE A REASSESSMENT OF ITS RELATIONSHIPS WITH THE COMMONWEALTH CARIBBEAN AND PERHAPS EVEN CUBA. UNDER CUBAN PRESSURE, PUERTO RICO WILL CONTINUE TO BE TREATED AS A COLONIAL ISSUE IN NON-ALIGNED FORA AND THE UNITED NATIONS.

-- PANAMA. SHOULD WE NOT HAVE A TREATY COMPLETED BY FY 1979, WE WILL FIND OURSELVES CONFRONTED WITH MAJOR POLITICAL AND SECURITY PROBLEMS IN PANAMA AND CONFRONTATION WITH LATIN AMERICA GENERALLY.

-- KOREA. WE COULD FACE NEW POLICY DILEMMAS IN KOREA ARISING EITHER FROM LOCAL ACTIONS WHICH INCREASE THE LEVEL OF TENSIONS AND/OR DECLINING PUBLIC AND CONGRESSIONAL SUPPORT FOR OUR RELATIONSHIP WITH THE ROK. ALTERNATIVELY, THERE COULD BE NEW OPPORTUNITIES FOR CONFIDENTIAL

PAGE 12 STATE 038338

DIPLOMATIC INITIATIVES DEPENDING ON WHETHER NORTH KOREA IS PREPARED TO RESUME SERIOUS DISCUSSIONS WITH SEOUL.

-- MIDDLE EAST. WHATEVER THE OUTCOME OF OUR SEARCH FOR PEACE IN THE MIDDLE EAST, WE WILL FACE A RANGE OF PROBLEMS THAT WILL KEEP THIS AREA NEAR THE TOP OF OUR PRIORITY CONCERNS.

A MORE PEACEFUL MIDDLE EAST WOULD RELIEVE THE MORE VISIBLE AND URGENT DEMANDS OF CRISIS DIPLOMACY. NEVERTHELESS, US INTERESTS IN BILATERAL RELATIONS WITH VARIOUS MIDDLE EAST COUNTRIES WILL CONTINUE TO EXPAND, REQUIRING CONSIDERABLE, PROBABLY INCREASED, ATTENTION.

FAILURE TO ACHIEVE A SETTLEMENT COULD LEAD TO RENEWED WAR. WE DOUBT THAT THE PRESENT NO-WAR/NO-PEACE SITUATION IN THE REGION CAN BE CONTINUED THROUGH FY 79. IN THE ABSENCE OF DEMONSTRABLE PROGRESS ON THE NEGOTIATING FRONT, THIS PERIOD WILL ALMOST CERTAINLY BE CHARACTERIZED BY MOUNTING TENSIONS, INCREASED TURMOIL, ANARCHIC VIOLENCE, AND GROWING PRESSURE ON THE US BY THE ARAB OIL PRODUCERS.

J. WE WILL NEED TO STRENGTHEN EMPHASIS ON OUR PUBLIC AND CONGRESSIONAL AFFAIRS ACTIVITIES FOR THE FORESEEABLE FUTURE. AREAS OF CENTRAL CONCERN ARE LIKELY TO BE HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, NUCLEAR PROLIFERATION, THE BROAD ISSUE OF DETENTE, MIDDLE EAST,

PANAMA CANAL RATIFICATION, AND SOUTHERN AFRICA. WE HOPE TO HAVE RESTORED A BASIC DOMESTIC CONSENSUS ON FOREIGN POLICY GOALS BY FY 1979 BUT MANY ISSUES WILL REMAIN. IN PARTICULAR:

-- WE SHOULD EMPHASIZE PROGRAMS THAT GET THE DEPARTMENT INTO CLOSER TOUCH WITH THE PUBLIC, DIRECTLY AND THROUGH THE NEW CONGRESS; THAT BUILD IN THE AMERICAN PEOPLE A FULLER UNDERSTANDING OF THE GLOBAL ENVIROMENT
CONFIDENTIAL

PAGE 13 STATE 038338

IN WHICH THEY LIVE; AND THAT GIVE THE DEPARTMENT AND FOREIGN SERVICE A CLEARER UNDERSTANDING OF CONTEMPORARY VIEWS AND VALUES OF AMERICANS--WHAT THEY WILL AND WILL NOT SUPPORT.

-- WE SHOULD SEEK OUT AND PUBLICIZE THE IMPORTANCE OF SPECIFIC FOREIGN POLICY ACTIONS TO THE INTERESTS OF AMERICANS; IN OUR ACTIVITIES WE NEED NOT ONLY TO REFLECT THOSE INTERESTS IN OUR POLICY DECISIONS BUT TO BE SEEN TO DO O. HARTMAN UNQUOTE VANCE UNQUOTE VANCE

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TAGS: AMGT, PFOR, XX
To: ALL DIPLOMATIC POSTS BEIRUT MULTIPLE
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